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FINANCIAL TIMES



Aero engines Flying high, selling low

Advertising Billings boom in India Page 18



Bosnia -Rebuilding an economy



TOMORROW'S Weekend FT The gentle rituals of boar hunting

World Business Newspaper

FRIDAY NOVEMBER 24 1995

Lyonnaise des Eaux Ex-KGB man winning the battle for Yeltsin's ear clinches \$1.3bn bid for UK water group

Tha French utility group Lyonnaise des Eaux sealed its takeover bid for Northumbrian Water, ending an eight-month courtship. The board of the north-eastern privatised UK water company yesterday accepted the group's £823m (\$1.3bn) offer. Lynn-naise will merge Northumbrian a operations with the neighbouring North East Water to become the UK's fifth largest water supplier. Page 19; Lex.

Crédit Lyonnais under pressure: State-owned Prench bank Crédit Lyonnais is set to come under pressure to sell off a higher than expected proportion of assets in exchange for the European Commission's approval of its rescue plan. Page 18

UK power sector in turmoit: The UK government threw the electricity sector into turmoil by referring bids by generating companies National Power and PowerGen for regional power groups Southern Electric and Midlands Electricity respectively to the Monopolies and Mergers Com-mission. Page 13; Lex. Page 18

Egypt cracks down on fundamentalists:



Egypt's president Hosni Mubarak (left) moved decisively against the country's oldest and most popular Islamist organisation, the Moslem Brotherhood, after years of turning a hlind eye to many of its activities. A military court sentenced 54 men to between three and five years in prison after a controversial conspiracy trial against 81 members of the movement. At the same time, security forces closed the group's

headquarters in central Cairo. Page 8 General Motors, the US carmaker, and the Polish government have begun formal talks on GM proposals to build an integrated car manufacturing plant in Poland with an investment of up to

DM550m (\$398m) Page 6 Poll backing for European single currency: Fifty-three per cent of Europeans questioned expect a singla currency by 2000 and most would be happy if it were called the Ecu, according to a poll by the European Commission. Editorial Comment, Page 17

S African bus crash kills seven tourists: Seven Swiss tourists were killed when a tour bus overturned on a wet road near Riversdale, 250km east of Cape Town.

China renews pressure on WTO entry: The time was ripe for China to join the World Trade Organisation after its recent announcement of substantial tariff cuts, the country's foreign ministry

German jailed for smuggling plutonium: A court sentenced German businessman Adolf Jaekle to 514 years in prison for smuggling weapons grada plutonium into the country.

Bromer Vulkan, Germany's largest shipbuilding group, said losses this year would reach up to DM250m (\$179.8m) as bankers and officials from Bremen city held crisis talks to discuss the company's finances. Page 19

Hungarian minister offers to quit Hungary's finance minister Lajos Bokros offered to resign in protest against a constitutional court ruling which, he said, could jeopardise an economic austerity package. Page 3

ING profits rise 15%: Dutch financial services group ING, which bought UK merchant bank Bar-ings after its collapse in February, reported net profits up 15 per cent to Fl 1.88hn (\$1bn) in the first nine months of 1995. Page 20

Chernobyl health cost put at \$200m: The long-term monitoring of the health of victims of the Chernobyl nuclear disaster in Ukraine nearly 10 years ago could cost \$200m, according to an expert from the World Health Organisation. Page 2

Jaffina 'cut off' by Sri Lankan army: The Sri Lankan army said it had cut off the rebel strong-hold of Jaffina in spite of resistance from Tamil Tiger guerrillas holding the town. Page 4

John Fairfax, the Australian newspaper publisher, warned shareholders it was looking at a "modestly lower profit" in tha 1995-96 financial year, compared with the previous year. Page 22

Eurostar trains disrupted by strike: Eurostar trains from Brussels to London were badly dis-rupted in a strike by Belgian rail workers. More disrupten in a strike by bergian rain workers. More dis-ruption for the high-speed trains which link London to Paris and Brussels through the Channel tunnel was forecast for today. Strikes set to grip France

Burial chamber hit by Mideast earthquake: The earthquake which hit the Middle East on Wednesday cracked the ceiling of Pharaoh Chephren's burial chamber inside one of the Great Pyramids of Giza in Egypt.

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The New York markets were closed yesterday | School | Children |

© THE FINANCIAL TIMES LIMITED 1995 No 32,841 Week No 47

Lost art of the Kremlinologist revived at president's bedside There was a time when Kremlinturned into a 50-minute chat. countless presidential decrees. He meets the president every There is, of course, no guaran

ologists would study who stood next to whom on Lenin's Mauso-leum to understand which politicians were most favoured in the Soviet Union.

A variant of the same game is again being played in Moscow - only this time it concerns who gains access to President Boris Yeltsin in hospital and how long

their meetings last. Komsomolskaya Pravda, a newspaper which shows little

plight, yesterday ran a front-page article listing the comings and goings at ward one of the central clinical hospital, where Mr Yelt-sin has been recuperating since his heart attack on October 26. The newspaper suggests there is no doubt who is the most influential of his entourage. That award goes to General Alexander Korzhakov, the former KGB offi-

cer whose official title is head of

whose remit appears to spread far wider. General Korzbakov, who is often depicted in the press as a modern Rasputin, has seen Mr Yeltsin even more frequently than the president's wife, Naina. Russian political observers were no less surprised by the number two on the list Mr Victor Hyushin, the assiduous head of the presidential apparatus, who acts as Mr Yeltsin's gatekeeper

and transmits his thoughts into

morning to discuss his agenda. pital, suggesting to Komsomolskaya Pravda relations are cool. Mr Oleg Soskovets, first deputy

prime minister, still has the pres-

ident's ear and has had several lengthy meetings with Mr Yelt-sin. In contrast, Mr Anatoly Chu-Mr Victor Chernomyrdin, the bais, the "second" first deputy prime minister who would assume presidential powers should Mr Yeltsin be incapaciprime minister and standard bearer of economic reforms, had to wait until November 17 before tated, had to wait eight days being grapted an audience. before gaining access to the hos-

That, observers fear, signifies hardline policies favoured by Mr Soskovets are in the ascer over the reformist line pushed by Mr Chuhais, But the govern-

scheduled to last 30 minutes.

tee that the length of meeting equates to political favour. On the contrary, it could imply Mr Yeltsin has decided to rant at his luckless visitor. For instance, General Pavel Grachev, the unpopular defence minister, had a 90-minute meeting with the president. But that was quickly followed by a wave of speculation in the newspapers that Gen Grachev was about to be sacked.

Overhaul of farm policy urged before EU expands

By Caroline Southey in Brussels

Enlargement of the European Union will not be possible with-out an overhaul of the Common Agricultural Policy, including cuts in price support payments to farmers, Mr Franz Fischler, EU agriculture commissioner, said. Mr Fischler pushes for CAP reform in a draft report on the impact of extending EU member-

ship to 10 central and eastern European countries. The agricul-ture paper, one of two Commission documents on enlargement ented to the EU heads of state summit in Madrid next month. Reform of the CAP has

emerged as the most explosive issue facing the EU ahead of enlargement. But Mr Fischler links tha need for reform to issues other than accession, arguing that the EU faces food mountains among the present membership if the CAP is left unchanged.

"Trying to maintain the status quo, even after 2000, would not appear to be a good policy choice, although it might be a feasible option for a limited number of years," the commissioner argues. Reforming CAP after enlargement will also prove "difficult and costly" since farmers in new member states would have to be compensated.

The report warns that EU agriculture production will grow in key sectors, pointing out that "there is a risk that stocks could pile up again towards the end of

the decade as possibilities to export with subsidies diminish' under a liberalised world trade

"In some sectors internal demand may even decrease and growing surpluses could well lead again to major market imbalances in the EU." Sur-pluses, have been dramatically reduced since CAP reforms were introduced in 1992.

The report also outlines changes necessary in the central European countries (CECs) ahead of accession, particularly in land developing the marketing and food processing sectors. But earlier forecasts of messive

additional costs due to enlarge-

ment are dismissed. Pointing out

that producer prices in the CECs are lower than in the EU, the report argues enlargement will not lead to big price cuts, which would mean there was "no economic reason for compensation" of those farmers.

Mr Fischler outlines three possibilities for the future of the CAP - introducing radical

reform, maintaining the status quo, and extending the reforms negotiated in 1992 which shifted farm support away from high guaranteed prices towards direct payments to farmers. He opts for continuing reforms.

arguing that the reduced reliance Continued on Page 18

Former Barings trader Nick Leeson (third from left) arrives in Singapore from Frankfurt to face trial on fraud and forgery charges related to the collepse of



This announcement appears as a matter of record only

No farm reform - no EU the British merchant bank enlargement, Page 2 Report, Paga 18 Reuter

Break-up of AEG planned, says union

By Wolfgang Münchau in Frankfurt

Daimler-Benz ls considering dismantling AEG, its lossmaking electronics subsidiary and one of Germany's oldest industrial companies, according to an internal document obtained by AEG's works conneil.

The break-up of AEG - which is expected to lose more than DM1bn (\$700m) this year would take place on January 1. It would involve factory closures, sales to third parties, and a resbuffle of existing operations within the Daimler-Benz groop.

AEG workers' representatives say about 10,000 staff, 20 per cent of the workforce, could lose their jobs.

The degree of job losses would exceed those at Daimler-Benz Aerospace, which this week confirmed plans to dismiss almost 9,000 staff in a restructuring programme. The AEG figure includes joh losses that workers' representatives expect to occur in operations sold to third par-

Mr Peter Sackenheim, head of AEG's works council, said internal preparations for the dismemberment of AEG were virtually complete. He said the decision would be formally ratified on March 6 1996 at an extraordinary meeting of shareholders. Daimler-Benz is the majority shareholder in AEG. The company yesterday con-

firmed that an internal working

Continued on Page 18

Vote clears way for Spanish probe into 'dirty war' claims

By Tom Burns in Madrid

Spain's Congress voted yesterday to lift parliamentary immunity protecting Mr Jose Barrionuevo, a former interior minister.

It thus cleared the path for a reme court investigation into allagations of government involvement in covert counterterrorist operations against Basque exiles in France in the

The vote in the chamber, in which the Socialist government is in a minority, could lead to similar legal moves against Mr Felipe González, the prime minister, Mr Narcis Serra, former deputy prime minister, and Mr José María Benegas, a senior Socialist in the Basque country.

All three, who are likewise pro-

tected by parliamentary privileges as members of Congress, were named with Mr Barrionuevo in the inquiry into the so-called Anti-terrorist Liberation Groups (Gal). These claimed 27 victims in a hit-and-run campaign against members of the Basque separatist organisation Eta between 1963 and 1986.

Iberta, the Spanish flag carrier, said it had to cancel 259 out of a total of 438 scheduled flights yesterday because of strike action

by pilots. The stoppage follows a breakdown in talks on Tuesday between the pilots' union Sepla and management. European and domestic flights were particularly affected. Further stoppages are planned for today and November 28-29, in protest at the airline's restructuring plans, the

Several former policemen, together with senior members of the anti-terrorist units of the security services and of the interior ministry, have already been charged in connection with the Gal and the testimony of some of these defendants led to the probe extending up the governing hier-

The supreme court, which alone has powers to question legislators once parliament lifts their immunity, is considering allegations that the government and top members of the Socialist

CONTENTS

Int. Band Service Managed Funds ..

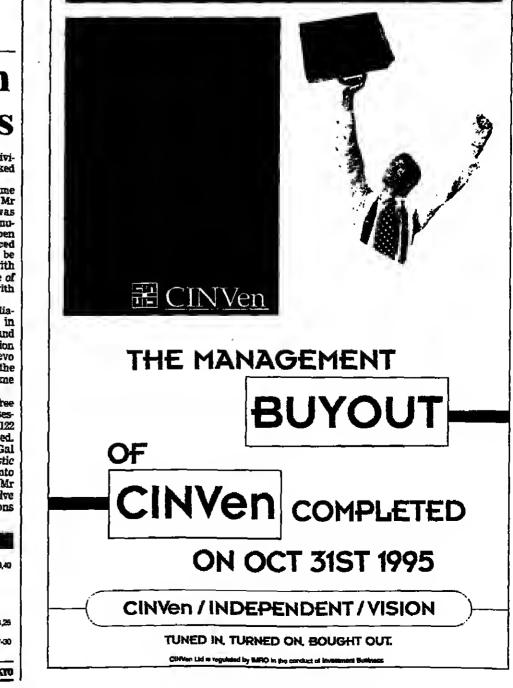
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party were aware of Gal's activi-ties and, in certain cases, backed the "dirty war" against Eta. Mr Barrionuevo, who became interior minister in 1982 when Mr

González won power, was appointed transport and communications minister in 1988 when legal proceedings commenced against Gal members. He will be questioned in connection with charges of kidnapping, misuse of public funds and association with an armed band.

Mr González and his parlia-mentary colleagues included in the Gal probe have strongly and repeatedly denied any connection with Gal and Mr Barrionuevo said yesterday be welcomed the opportunity to clear his name before the supreme court.

In the vote - taken in a free and secret ballot in plenary session - 204 were in favour. 122 were against and 10 abstained. The decision brings the Gal affair, which dominated domestic news earlier this year, back into the limelight at a time when Mr González is preparing to dissolve parliament and call elections early next year.



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EU criticised over new refugee policy

Human rights organisations yesterday slammed the adoption by European Union home affairs ministers of a new definition for refugees, which they say will endanger the lives of persecuted peoples seeking

Meeting in Brussels, the ministers signed a text which sets out a common definition for refugees which campaigners described as a watering down of the 1951 Geneva Convention in which refugee rights are currently enshrined.

The new EU agreement on refugee policy continues the trend of trying to define refugees out of existence," said Mr Philip Rudge, general secretary of the European Council on

The definition was criticised for barring a number of key groups from the right to seek refugee status, including raped women and people persecuted by non-state organisations. such as rebel groups or opposition parties. It also states that escape from civil war is no longer a sufficient reason to laiming refugee status.

"In our view this is another step towards a more restrictive interpretation of some elements of the 1951 convention,"

The United Nations High Commissioner for Refngees has criticised the growing use of detention for people seeking political asylum in Europe as inhumane and an abuse of fundamental human rights, writes Frances Williams in Geneva.

In a report out today, the UNHCR says asylnm-seekers are being detained for weeks. months and sometimes years in closed camps, prisons or airport transit zones awaiting a decision on their fate. It singles ont Britain, Austria, Belgium, Germany and Poland as making frequent or increasing use of detention. Though the UNHCR acknowledges that many would-be migrants are abusing asylum procedures it says the use of detention is inherently undesirable".

sioner for Refugees. However. he welcomed some specific points of the text, including a commitment that all asylumseekers would be examined individually and military draft evaders treated more leniently. Although the text is politi-cally binding, it will not affect decisions taken in the national courts. Officials said this

would allow countries with more liberal regimes to continue to apply their laws. For example, most member

organisations, unlike the new text which tends towards French law in excluding those who are not persecuted by the

During the meeting on jus-tice and home affairs, Mr Michael Howard, the British home secretary, angered his colleagues by refusing to endorse a joint action on racism and xenophobia which calls upon judicial authorities to co-operate hetween now and mid-1997 racist and xenopoobic literature and the activities of racist

The UK also stood alone in refusing to break the two-year deadlock on Europol -Europe's plans to create a cross-border police intelligence agency, similar to the Federal Bureau of investigation in the US. Britain does not want the European Court of Justice to have the power to arbitrate on disputes arising out of Europol, arguing that judicial authority must rest with member states.

EU leaders meeting in Cannes in June gave member states until the middle of next year to resolve the problem. Mr Howard said be had asked the other member states to show convincingly wby the Euro-pean Court should be given a role in Europol.

Dubinin bounces back as Russian bank chief

Russian politicians are famed for their short memories. For Mr Sergel Dubmin, the new head of Russia's central bank, that is probably just as well, writes John Thornhill in Moscow. Last October, President Boris Yeltsin publicly disgraced Mr Dubinin - sacking him as acting finance minister following the rouble crash on "Black Tuesday". Mr Dubinin'a demise was

despite the fact he was a fierce opponent of the credit emissions that caused the currency collapse. But few predicted a swift return to the public stage. The crestfallen minister slunk off into relative - if rich obscurity as vice-president of Imperial Bank and a board member of Gazprom, the gas producer. Mr Duhinin, 44, has returned to favour in an equally startling way.

pendent central bank, Mr Dubinin could play a pivotal role in the development of Russia's market economy. He has the opportunity to mould the bank into a truly credible financial institution. He also has a chance to shape a more civilised banking sector.



Dubinin: new bank chief despite being blamed for rouble crisis

support for Mr Dubinin as a figure who commands trust within the government, respect in financial circles. support in parliament and credibility abroad. Even the opposition, normally hostile to monetarists, backed him.

Mr Dubinin's colleagues describe him as a mild and thoughtful man. His wild beard and other-worldly demeanour betray a former profession, a university lec-turer. But Mr Dubinin's mild exterior is said to hide firm intellectual convictions and a stubborn determination.

There remain some sceptics, however. The doubts arise on two scores. The first is that Mr Dubinin is not a central banker by training, Mr Victor Gerasbcbenko, the former bead of the central bank who still retains considerable sway.

suggests Mr Dubinin does not have enough experience.
"Mr Dubinin may have difficulties within the bank initially, egrees one western economist. But he is a man of considerable ability who will learn fast."

The other concern is that Mr Dubinin may be too influenced by the industrial and financial lobbies as a result of his time at Imparial Bank and

Mr Victor Chernomyrdin, the prime minister and former head of Gazprom, appeared to be Mr Dubinin'a chief sponsor. Mr Dubinin counters that his brief experience of industry and commercial banking will give him a better appreciation of how monetary policy affects the real economy. For a central bank governor, that may be a rare but useful asset.

of key sectors (with the excep-tion of sugar and milk)," the

The report warns that

increased production and yields in the CECs, looking

ahead to 2015 and 2010, would

add to the growing EU cereals

surplus, while the combined CEC-EU surplus could rapidly

lead to an untenable accumula

tion of stocks in the next

decade. The report calls for a

structural adjustment pro-

gramme, financed by the EU, to be set up before accession,

as was done for Portugal's

further land privatisation by

allowing corporate ownership

The CECs are called on to

report says.

EUROPEAN NEWS DIGEST

New warrant in Milan probes

Milan magistrates yesterday issued a warrant for the arrest of a senior executive of Fininvest, the business empire controlled by former premier Mr Silvio Berlusconi, in connection with an alleged L10bn (\$6.3m) in illicit funding of Italy's now defunct Socialist party. It is the first time magistrates have alleged that Fininvest funds have been channelled via off-shore companies to a political party.

The Fininvest executive was named as Mr Giorgio Vanone, head of financial affairs for the group's foreign subsidiaries. Milan magistrates identified Mr Bettino Craxi, the former Socialist leader, as the beneficiary of the operation, and an international arrest warrant was issued yesterday against him. It is the third warrant Milan magistrates have issued for corruption related offences against Mr Craxi, who has been living in self-imposed exile in Tunisia since

Germany to penalise trucks

Germany will triple the fees it charges trucks using its motorways by about the year 2000 in an effort to move more freight on to railways and inland waterways, the transport ministry said yesterday. The fees would vary according to traffic density on different routes, especially transit routes, and would be booked electronically. Under a system introduced this year, trucks pay an annual fee of up to DM2,500 (\$1,785) to use motorways which raises about DM800m

About 2m trucks, 30 per cent of them foreign, cross German motorways each year. The Roland Berger consultancy, which prepared a report for the ministry, recommended that motorways be financed from fees and not taxes so that foreign users could also be charged. The ministry said it would examine proposals for the private financing and management of bridges, tunnels and motorway sections. However, it ruled Michael Lindemann. Bann out wholesale privatisation.

EBRD wants extra capital

The European Bank for Reconstruction and Development has committed more than half its original capital of Ecu10bn (\$13.3bn), and is seeking an injection of up to Eculobn in extra funds from its 57 shareholder governments and institutions. The bank needs the capital increase to maintain its current level of new loan and equity commitments, running at around Ecu2bn a year. "In a couple of years, if we continue at the same pace, we will come very close to the limits of our capital

resources." said Mr Bart le Blanc, vice president for finance.
The EBRD, which was established in 1991 to help the
transition process in central and eastern Europe, has signed 258 projects worth more than Ecu5bn in 25 countries. Its operating profit before provisions jumped to Ecu42.7m in the first nine months of the year, from Ecu16.7m in the same period a year ago, the bank said.

■ The EBRD is to provide DM30m in loan finance to Istrobanka, a Slovak bank, to allow it to expand its long-term lending to private sector clients in the wood, rubber, glass, paper and environment industries.

Kevin Done, East Europe Correspondent, and Vincent Boland, Prague

German growth forecast

The German economy will only resume growing next year after the negative effects of the strong D-Mark and this year's high wage settlements have worn off, the economics ministry said yesterday. Gross domestic product was "virtually unchanged" on a real, seasonally adjusted basis between the second and third quarters, it said. The official figures will be released on December 7.

The ministry's latest monthly review complains that German companies have lost market share abroad and that industry. With 3.5m unemployed, it said there was no sign of an improvement in the "extremely unsatisfactory" situation on the labour market. Weak demand and high labour costs were restricting investment and encouraging companies to shift output to cheaper sites abroad. The ministry appeared somewhat gloomier about Germany's prospects than Mr Theo Waigel, the finance minister, who said on Wednesday, that the economic slowdown provided a platform for a more dynamic

Chernobyl cost counted

The long-term monitoring of the bealth of victims of the Chernobyl nuclear disaster nearly 10 years ago could cost \$200m, according to an expert from the World Health Organisation. Dr Wilfred Kreisel, WHO's head of environmental health, yesterday gave a personal estimate of the funds needed for the detailed monitoring of about 1m people in Russia, Ukraine and Belarus over the next 15-20

Dr Kreisel, speaking at the end of the biggest-ever scientific conference on the health effects of the Chernobyl accident, said international research collaboration on health monitoring was not working as well as it should, despite the WHO's co-ordination efforts. He appealed for future work to be funnelled through a WHO-sponsored programme set up three years ago with the affected governments to help Chernobyl Frances Williams, Geneva

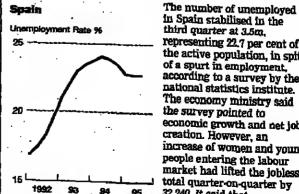
Liberals draw up IGC menu Leaders of Europe's Liberal parties yesterday agreed a detailed

list of objectives for the forthcoming European intergovernmental conference, including steps to make the EU more relevant to the average person. The parties, which claim to represent 26m voters, called on member states to agree a common foreign and security policy in which action could be agreed by majority voting. They also made a strong commitment to enlargement.

A 30-point resolution adopted by the meeting included a declaration that the EU's "policies and decision making structures must be more transparent and comprehensible to the general public". Peter Norman

ECONOMIC WATCH

Spanish jobless total steady



in Spain stabilised in the third quarter at 3.5m, representing 22.7 per cent of the active population, in spite of a spurt in employment, according to a survey by the national statistics institute. The economy ministry said the survey pointed to economic growth and net job creation. However, an increase of women and young people entering the labour market had lifted the jobless total quarter-on-quarter by 32,240. It said that quarter-on-quarter the

number of actively employed had increased by 109,830 and by 349,800 over the past 12 months, the highest in the past five years. Tom Burns, Modrid

German new car registrations fell 1.7 per cent in October from September but were up 8.4 per cent from October 1994. the federal motor office said. Sweden's current account for September showed a surplus Reuter, Flensburg

of SKr3.1bn (\$473m) for a year-on-year surplus of SKr27.9bn. central bank figures showed. Austria'a provisional consumer prices index declined 0.3 per cent in October from September, but was up 1.9 per cent year-on-year, the central statistics burean said. AFX, Vienna

There has been widespread United Nations High Commis- states allow refugee status for enlargement No farm reform, no EU

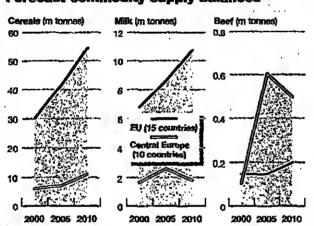
By Caroline Southey in Brussels

For the first time sinca the European Union pledged in 1993 to embrace its central and eastern European neighbours, the European Commission has come up with the details of what it means for the most sensitive area of EU policy agriculture.

In a 36-page document due to be delivered to the Commission next week. Mr Franz Fischler. the commissioner for agriculture, delivers an uncompromising message to both parties: without reform the project is

The Central European Countries (CECs) - Poland, Hungary, the Czech and Slovak Republics, Slovenia, Romania, and Estonia - are told that "to ensure cootinuing recovery with a view to accession, major efforts will still be necessary to

Forecast commodity supply balances



On CAP reform, Mr Fischler favours cootinuing along the path of the 1992 reforms which began the process of decouplovercome the remaining struc- ing compensation payments

payments linked more and more to environmental and social considerations.

The report argues that decoupling market policy and income support would lead to the "smoothest way of integration in the field of agricultural market policy" because It would reduce the gap between the EU's internal price level and world market prices which in turn would make it easier to bridge the gap between prices in the new member states and the EU.

The EU should also develop an "integrated rural policy" which would stress rural development and agri-environmental programmes. Such a policy would strike a balance between 'agricultural activity, other forms of rural development ral resources"

ther reductions of support, further tariff reductions and further cuts in export subsidies. Mr Fischler argues forcefully against radical reform, which would include scrapping price support, reduction of compen-

forceful of these arguments is

the next world trade negotia-

tions which, the report says,

can be expected to demand fur-

satory payments over time and the renationalisation of direct income support payments. "Although appealing from an economist's point of view, It would imply a number of social and environmental risks. which at least in some regions, could lead to quite negative

The status quo option is also dismissed. The most damning case against it is the danger of

and foreign investment, completing land registration and the distribution of property

"Even without enlargement to the east, yields will continue

rural credit. But the real Achilles heel for the CECs is backwardness in marketing and processing, "a priority area for intervention".

ties with no functioning water

systems. Deteriorating sewer-

age systems are causing

untreated sewage to poliute four large rivers and may

cause irreparable contamina-

tion of the groundwater basin

The health sector has lost

many of its doctors and nurses.

The number of hospital beds

has fallen by 35 per cent and infant mortality has doubled

There are extreme housing

needs for the resettlement of

displaced persons, who are

beliaved to total around

900,000, with possibly an addi-

tional 1.2m refugees outside the country. The loss of more

than 1m people is already being felt in the lack of skilled

"There is no doubt that com-

pared to the damage and the ensuing needs, the resources

that can be mobilised domesti-

cally and internationally in the

short- to medium-term will be

insufficiant for the huge

needs," the World Bank report

There have been suggestions

that the \$5bn-\$6bn estimated

by the European Commission

to he necessary for the aid

effort in the next three to four

years should be split avenly

between the European Union,

the US and a grouping of

Mr Carl Bildt, the European

Union mediator, said on

Wednesday: "I would foresee that the Euro-

pean Union [will contribute]

roughly a third. We would

expect the Americans to con-

tribute a third and we would

expect other parts of the inter-

national community to contrib-

The Commission said yester-

day that the split had not been

agreed, however, and would be

dacided by the pledging

The US, which is facing

harsb budget entbacks, has

already made clear that

Europe, which has pushed to lead the reconstruction effort,

should also provide the largest

ute a third."

conferences.

Japan and Islamic states.

manpower.

says starkly.

in south-western Bosnia.

Bosnians who fled are in no rush to return

By Harriet Martin in Sarajevo

The Dayton agreement enshrines the right of refugees from the Bosnian war to return home. Two-and-balf million people. more than half of Bosnia's pre-

war population, are refugees.

Within Bosnia Itself 1.3m are displaced. Abroad there are another 1.2m. But in the Serb and Croat areas, which have expelled their minority populations, the local anthorities are reinctant to recreate the mixed

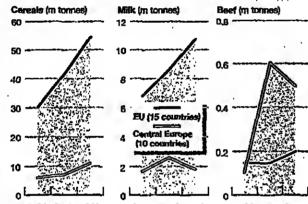
communities they speot the war successfully destroying. Many refugees are too scared to return to such a hostile environment It is not expected that Moslems or Croats will return to Serb-beld areas. Even within

the Croat-Moslem federation, THE FINANCIAL TIMES
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tural handicaps and bottle- from production. He argues needs to improve its competitiveness. To do this it has to reduce its reliance on price

But Mr Fischler is careful not to link the need for CAP support and compensate farm-ers where necessary by direct of enlargement. The most production growth in a number

Sarajevo needs over \$3bn Kevin Done reports on initial costs of rebuilding the economy

nvestments of \$3bn-\$5bn (£1.9bn-£3.2bn) will be needed during the next three years to fund the initial rebuilding of the shattered Bosnian economy, according to preliminary estimates prepared by the World Bank.

Behind the scenes of the bectic diplomatic efforts of recent months aimed at halting the war in Bosnia, officials of the leading international financial institutions have also been trying to assess the magnitude of the reconstruction task. Yesterday the World Bank and the European Commission invited industrial nations and

meeting in Brussels on Decem-ber 18-19, although the conference will deal only with the most urgent issues of bumanitarian aid. A second meeting early next year, probably in February, would consider longer term needs, said the commission. The first two aid-pledging meetings would cover only Bosnia, but would be followed

at a later date by a third session on aid to Croatia. Brussels, which has been co-ordinating closely with the World Bank on a Europe-led Yugoslavia reconstruction package, has calculated thet up to \$6bn might eventually be necessary over the next three

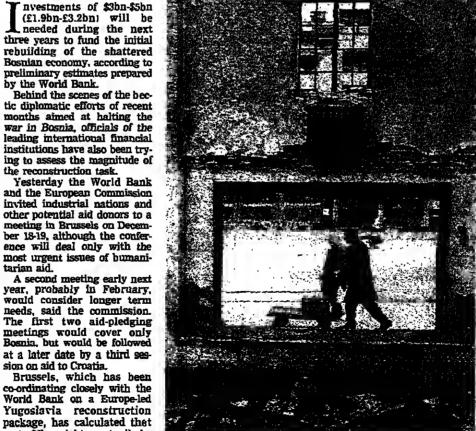
or four years. The need for aid is clearly acute. "The problem is that whatever the World Bank et al are promising for this country, the reality is that there will be a delay of at least three months if not a year before there are any tangible signs of development," said one UN official in Sarajevo yesterday.

last three years lugging water up 20 flights of stairs in their tower block need to see a change. The elevators need to start working and the water pumps need to be mended. "Unless the donor countries are prepared to operate a fund for quick-impact programmes they will lose the moral initia-

tive and the faith of the people

in peace," the official said.

"People who have spent the



The ravages of war have made Bosnia Europe's poorest country

Work carried out by officials of tha World Bank, the International Monetary Fund and the European Bank for Reconstruction and Development shows how the ravages of war have turned Bosnia into the poorest country in Europe. Annnal per capita income

has failen by nearly 80 per cent to only about \$500 from \$1,900 in 1990. Before the war Bosnia had a fairly developed and industrialised economy. Three-and-ahalf years of war have plunged

it into the range of low-income

Around 80 per cent of the

population of the Moslem-

Croat federation area is at

least partly dependent on

bumanitarian food aid. In 1994

countries.

industrial output was about 5 per cent of the level of 1990. while electricity consumption was below 10 per cent of the 1990 level.

"Needs are vast and rehabilitation and new investments will be required across all infrastructure sectors," says the World Bank study. It shows that about 35 per

per cent of the bridges have been damaged or destroyed. Electric power, intermittent in much of the federation area, is Insufficient even for bospitals and water-pumping stations. Fuel supplies - even for ambulances - are often

cent of Bosnia's roads and 40

unavailable. Damage to the water networks has left many communi-

FRANCE: Publishing Director: O. Good, 168 Rue de Rivolt. F-75044 Paris Cedex Ol. Telephone 1011 4297 0624. Fax (01) 4297 0629. Printer: S.A. Nord Eclar, 1521 Rue de Carte, F-59100 Routerx Cedex I. Editor: Rechard Lambert ISSN 1148-2793. Commission Paristare No 6780860. SWEDEN: in addition to these problems, thousands of bouses bave been destroyed, or severely damaged, and many

The Bosnian Serb leadership yesterday reportedly caved in to pressure from Serbia's president, Mr Slobodan Milosevic. to accept the Dayton peace deal "despite some parts which are painful", according to the state-run news agency Tanjug. writes Paul Wood in Relegade

The rebel Serh decision to implement the peace accord came after President Milosevic summoned the Bosnian Serb leader, Mr Radovan Karadzic, to a secret meeting just outside Belgrade, the report said.

the return of displaced Croats and Moslems is fraught with difficulties. The Dayton talks produced a

test-case egreement on November 2 to get 600 Croat and Moslem familles to return to four towns in the federation within a week. Three weeks leter some Croat families bave returned to Travnik. Pledges bave finally been made to accept the families in the other three towns, but they have yet to return.

The UN High Commissioner for Refugees (UNHCR), which will take the lead role in the return and repatriation of refugees, has suggested that in order to protect returning minorities to such areas, the number of UN police should be increased.

Ms Cynthla Burns, the senior protection officer for UNHCR, said: "We feel an enlarged international presence in the early stages would be a confidence-building

of the homes vacated by fleeing populations are now occupied by other displaced people. A commission is to be set up to decide on claims of ownership and compensation for houses vacated in the war.

Hungarian minister offers to step down over court ruling

NEWS: EUROPE

By Virginia Marsh in Budapest

Hungary's finance minister, Mr Lajos Bokros, offered to resign yesterday in protest against a constitutional court ruling which, he said, could jeopard-ise an economic austerity package introduced last March

The resignation offer, which came on the eve of a politically charged conference of the governing Socialist party, was refused by Mr Gyula Horn, the prime minister, who faces strong criticism of the reform package at the conference.

The so-called Bokros package, which has led to a remarkable turnaround in the Hun-

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garian economy, included a 20 per cent devaluation of the forint over the first half of this year and an 8 per cent import surcharge. It also raised social security charges and taxes while cutting subsidies and government spending.

The package is widely credited with restoring international confidence in the government's market-led reforms. Exports and investment have risen sharply to compensate for the steep decline in domestic demand resulting from the package, which imposed an 11 per cent cut in real incomes this year to be followed by another 3-4 per cent drop in

The legality of several of the specific measures was challenged by the constitutional court, forcing the government to redraft several clauses. In its latest intervention earlier this week, the court ruled that a proposed increase in housing

loan rates from 15 to 25 per

cent was also unconstitutional. Speaking on national televi-sion last night, Mr Bokros said the court had now rejected a large part of the package, limiting his room for maneeuvre and leaving the government with little choice but to maintain high taxes and pursue inflationary policies. "This I am not prepared to do."

exceeding its authority and called on the two governing parties to find a legal solution which would allow the coalition to retain control over economic policy.

Government officials said Mr Horn had immediately rejected the resignation, adding that there were no differences between him and Mr Bokros on

key policy issues.

Mr Bokros, for his part, thanked the prime minister for rejecting his resignation, leaving the way open for a compro-mise. However, previous attempts by the government to discuss its plans with the con-stitutional court have failed to

Party belief grows that Ireland Papandreou must quit

By Kerin Hope in Athens

Mr Andreas Papandreou is starting to recover from pneumonia, but senior members of his Socialist party doubt he can continue as Greece's prime

A spokesman for the Onassis Cardiac Hospital, where the 76-year-old premier is in intensive care, said yesterday he was "making good progress and the infection is retreating, hut the next 24 hours will be

The announcement chaered party leaders who have been thronging the corridors outside the intensive care unit, together with Orthodox priests bearing icons and other holy relics intended to assist Mr Papandreou's recovery. Only his wife, Dimitra, is allowed to stay at his bedside.

However, several senior Socialists have voiced doubt that the prime minister, who has chronic heart and stomach problems, will be able to resume his duties.

But after Mr Papandreou was rushed to hospital three days ago, an unofficial inner cabinet has quietly taken control of the government.

The group includes Mr Akis Tsochatzopoulos, public administration minister and a senior cabinet member, who is standing in for the prime minister, Mr Antonis Liavnis, minister without portfolio and the Mr Papandreou's closest political aide: Mr Yannos Papantoniou economy minister; and Mr Alex Papadopoulos, finance

> Mr Tsochatzopoulos, leader of a populist faction in the governing Panhellenic Socialist Movement (Pasok), is the only one with ambitions to succeed Mr Papandreou.

It is not yet clear whether this inner cabinet will be able to force through decisions on economic policy whila the prime minister is out of action. Mr Papandreou has kept a tight grip on power, in line with the Greek practice of making the prime minister personally responsible for all important decisions, including approvals of large public works contracts and flotations of public sector enterprises.

Economic growth next year will depend to a large extent on the launching of new infra-structure projects which would be aligible for grants from the European Union atructural

Mr Papandreou had promised that contracts for projects worth \$4bn would be ratified before December.

The Socialists have set February as the date for floating 8 per cent of the state telecoms company, OTE, on the Athens stock exchange. The listing, postponed twice in the past two years, was revived in



Mr Andreas Papandreon (pictured in parliament earlier this year) is recovering from pneumonia but still seriously ill

Greeks stage pay rise protests

Greek factory workers and civil servants staged a one-day strike yesterday to press demands for real wage increases in 1996 after four years of rises that have failed to match the inflation rate. writes Kerin Hope. Pensioners demanding similar increases also participated in demonstrations in central Athens and a march to

The government wants to restrict increases for public sector workers to 5 per cent next year, to be paid in two tranches of 2.5 per cent in January and July. Containing wage rises is seen as crucial if Greece is to cut inflation from 8.3 per cent last month to 5 per cent at the end of next year, in line with targets for

conomic convergence with the rest of the European Union. A wave of strikes and demonstrations is sweeping across Greece ahead of next week's budget announcements. Doctors and hospital staff said they will strike next week, while universities have closed as students stage demonstrations demanding that 15 per cent of budget spending should be earmarked for education.

response to pressure from Brussels. But privatisation is still a controversial issue for Pasok and the offering is unlikely to take place on time unless Mr Papandreon gives the go-ahead.

The process of choosing his successor has not yet been clarified, hut the "gang of four" rehels who last month demanded that Mr Papandreou step down are poised to renew their hid for power.

Their leader, Mr Costas Simitis, former industry minister, is emerging as the leading contender to take over from Mr Papandreou. He has strong support from trade unions, who are influential in the Pasok party machine, as well as among parliamentary deputies and pro-European cabinet ministers.

The other members are Ms

Vasso Papandreou, former European social affairs commissioner and one of Greece'a most popular politicians: Mr Theodore Pangalos, tha outspo-ken former European affairs minister; and Mr Paraskevas Avgerinos, who aerved as health minister in the 1980s. The four have been building

support in Pasok's parliamentary group, which would be responsible for electing a new prime minister.

votes on legalising divorce

By John Murray Brown

Ireland goes to the polls today in a referendum to introduce civil divorce at the end of a campaign which has bitterly divided this traditionally conservative Roman Catholic

The government yesterday expressed a "quiet confidence" at a Yes outcome, following a final personal appeal from Mr John Bruton, the prime minister, who warned this week that "the time for Irish solutions to

Irish problems is over". Notwithstanding the personal misgivings of some deputies, the five main political parties and leading newspapers are publicly supporting the proposed amendment to the 1937 Constitution legalising remarriage.

With a solid 30 per cent of devout Catholics likely to vote No on religious grounds, the anti-divorce campaign has highlighted the social implications of the legislation, sowing uncertainties about property rights and welfare

In a 1986 divorce referendum, lost by 2-1, only six of Ireland' 41 constituencies voted for divorce, all of them in the greater Dublin area, which accounts for a third of the country's 3.5m population.

The result could have important implications for the peace process in Northern Ireland, where Unionists will construe a defeat for the constitutional amendment as further evidence that the republic remains a priest-ridden society.

A Yes vote would he a per-sonal reward for Mr John Bruton, who in the last week has made an impressive case for

the pro-divorce campaign.

The final week of the campaign has been marked by a late intervention from Pope John Paul who, although not explicitly calling for a No vote, gave a clear lead to defend Christian marriage. The last official poll at the weekend suggested the pro-campaign's lead had slipped to just a few points with 47 per cent for, 39 per cent against, and 14 per cent undecided. Polls suggest that voters in the 35-50 age group are more likely to vote Yes, while those under 25, still "starry-eyed" about marriage, as one official put it, would

vote against. The government is holding the poll on a Friday for the first time in the Republic's history, in order to encourage a larger turnout, and allow students registered in country constituencies to return home

to vote. In 1986, the turnout was high 60 per cent.

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Unions mount challenge to government changes in welfare system

Strikes set to grip France today

By David Buchan and John Ridding in Paris

The French government's welfare changes face their first big test on the streets today as most of the country's unionised public sector holds a 24bour protest strike. The disruption will be compounded by a

national rail stoppage.
The strikes, which are already disrupting air traffic and will also prevent the appearance of any national newspapers, look set to surpass last month's one-day protest at the government's planned freeze of public pay next year. This is despite the fact that the Force Ouvrière (FO) union federation has decided to make its

protest naxt Tuesday. Calling for national support to pull the social security sys-

Juppé, the prime minister, warned last week that "if two million people were to demonstrate in the streets, my government would not survive". Mr Marc Blondel, the FO secretary general, yesterday said his union and others were taking up this "challenge". According to CSA opinion

poll yesterday, 54 per cent of French people support today's action, and 65 per cent said they would have backed a general strike.

Initially, union federations did not plan a general strike today, hut rather a public sec-tor protest aimed, in general, at the welfare reforms and, in particular, at plans to extend civil servants' pension contributions to match those required of the private sector. But against the background of growing unrest - already evi-

students who also plan protests next week - sectoral unions, most dramatically in the railways, are taking their own action.

Mr Juppé is set to approve within the next few days a plan to curb losses and debts at the SNCF rail network, estimated this year at np to FFr12bn (\$2.5bn) and FFr175bn (\$36bn) respectively. Unions are opposed to the productivity measures and threats of line closures expected to be contained in the plan, which will cover the period between 1998 and 2000.

The railworkers' arm of the CFDT, the higgest and generally moderate union federation, have threatened to prolong the dispute heyond today's strike. Almost no regional and Paris suburban

dent earlier this week among trains and few high-speed trains are expected to run today, except the Paris-London Eurostar service which will be less affected. SNCF said it expected some disruption to continue through the weekend.

"There will he a massive action to stop cuts," said an official of the Communist-led CGT union. He said the 180,000 railworkers had already made enough sacrifices, describing the restructuring plan as a step towards the break-up and privatisation of the railways.

The government is expected to provide some debt relief to SNCF, if matched by productivity efforts by the company. The situation is extremely serious," said Mr Bernard Pons, the transport minister. "SNCF is trapped in a spiral of deficits which threatens to

China tax shift starts import rush Mr Zhu Rongil, China's executive vice premier in of the year. They want to make charge of the economy, may sure they are eligible for continuing tax breaks on imports not have intended it, but his of capital equipment," said the recent announcement that Beirepresentative in Shanghai of jing would phase out tax exemptions for capital equip-

an American investment bank. Under present rules foreign ment imports by foreign invested enterprises are not invested enterprises from January 1 has set off something of liable for tax on imported Mr Zhu's announcement con-Foreign investors are hurry-

firmed that the authorities are involved in a sweeping review of preferential tax arrangements for foreign investors. A phasing out of tax exemptions on capital equipment imports would mark the first stage of what is certain to be an extensive restructuring of the preferential tax system.

Officials say China wants to "level the playing field" for local and foreign enterprises alike, but they understand that abrupt changes of policy would risk scaring away investment Foreign investors enjoy sig-nificant tax advantages compared with state companies. This annoys managers of prises operating in China's special economic zones pay 15 per cent corporate tax, joint ventures outside the zones pay 30 per cent corporate tax (plus a 3 per cent local tax), while state

Tony Walker reports on the effects of an end to capital equipment exemptions | Vietnam

companies pay 55 per cent.

Mr Zhu himself dealt with this issue when he said in midember that while preferen tial policles should remain "basically unchanged", China needs to comply with national treatment requirements for entry to the World Trade Organisation. This made it impossible to avoid making the necessary re-adjustments to these policies".

It is imprecise statements like these that make foreign business nervous. Companies with plans for investment in China over the next year are being ohliged to rework the numbers for their investments, and some may be discouraged. Anne Stevenson-Yang of the US-China Business Council believes that It would be fairer and less damaging to China's struggling state-owned enter- own interests for a clear state-

ter new projects before the eud prises. Foreign invested enterment to have been made that nies in China will be made would have indicated a timeframe for the implementation aged from investing." of the new policy on equipment

imports. "It would be wise to have provided, say, a year's notice." she said. 'This would have allowed companies not only to formulate their plans, but it Foreign investors would not would also have provided a healthy stimulus for new investment in the meantime as

secure the tax advantage." The US-China Business Council, which represents many of America's leading companies, said in a petition to the Chinese government that "premature removal" of the equipment tax exemption would "force every foreign investor to reconsider every

companies brought forward

their investment plans to

China investment".
"Many investments will be scaled down, and many will be cancelled," it added. "High-tech investments will be especially hard-hit, as will exportoriented manufacturers. The localisation efforts of compamore difficult, as components manufacturers will be discour-

This may smack of special pleading, but China's habit of ahruptly changing the rules of the game is one of the main complaints of foreign business.

have drawn much comfort from remarks made by Mr Sun Zhenyu, vice minister of the ministry of foreign trade and economic co-operation (Mottec) who was quoted by the official China Daily earlier this week as saying without elaboration that "a batch of existing prefer-ential tax breaks will be abol-

Mr Sun's pledge that China would grant a "transitional period" to foreign invested projects that "have been approved or are under construction" will not be regarded as encouraging. The statement appeared to imply that a delay beyond January 1 would not be granted for the beginning of a phasing out of tax exemptions on

sacrificed in the name of indus-

leader, would emasculate the

market liberalisation. Indus-

trial disruption would thus

What this dispute has made clear, is that a Howard-led gov-

ernment would basically stab the commission in the stom-

ach, it'll remove it from the

process," warned Mr Keating

in parliament yesterday.

How all this plays with the electorate is harder to assess.

However, many Australians

escalate, says Labor.

capital needs. Though Vietnam has undertaken far-reaching economic reforms to move away from central planning, the World Bank has long believed that its underdeveloped banking system remains a drag on growth. Since legislation was passed

plan 'will

revitalise

banking'

Vietnam is to introduce a new

payments system that will

revitalise its banking sector, thereby helping spur sustained

economic growth, the World

The Bank said it will pro

vide a \$49m credit to help

finance the new system which will involve the introduction of a national interbank clear-

ing and settlement system for money transfers such as paper cheques and money payment

The loan will also help

finance a new system for the quick settlement of payment

orders between branches of

the same bank, as well as the

design of customer accounting systems and financial audits

to help the banks assess their

By Peter Montagnon,

Asia Editor, in London

Rank said

orders.

in 1990 opening up the bankrights and safeguards would be ing sector to new domestic and foreign institutions, the numtrial efficiency.

Ministers have also argued ber of banks has risen to around 100, but the new entrants are mostly small prithat a government led by Mr John Howard, the opposition vate sector banks located in orban areas mediating powers of the AIRC in its efforts to further labour

The four large state-owned commercial banks account for 87 per cent of the commercial bank assets and there is growing demand for credit from the private sector.

To meet this demand requires further development of the banking sector. The ratio of bank deposits to gross domestic product is well below that of other economies in transition, the World Bank said, and cash remains the predominant means of payme There is four times as much cash in circulation in Vietnam as in other countries of the Association of Southeast Asian Nations (Asean).

Improving the system for ayments transfers should help Vietnamese banks gather more deposits and create resources to extend credit to the country's growing private

"Many people hold on to ing sector to date has simply not been equipped to handle the basic payments and ser-vices that sopport business transactions," says Ms Shilpa Patel, a World Bank official involved in the project.

But foreign bankers say Vietnamese banks will find it

ASIA-PACIFIC NEWS DIGEST

Army tightens noose on Jaffna

The Sri Lankan army said yesterday it had isolated the rebel stronghold of Jaffna Military spokesman Brig Sarath Munasinghe said the 2,000 Tamil Tiger guerrillas holding the town "have to jump into the sea, bite cyanide or surrender".

Sri Lankan President Mrs Chandrika Bandaranaike Kumaratunga hailed an imminent victory and said her army, fighting for Jaffna, was opposed by "ruthless terrorists" and not the island's minority Tamil community.

All citizens should celebrate victory "calmly and peacefully," Mrs Kumaratunga said in an address to the nation. "Do not in any way harass the Tamil community by word or deed," she added. She said the government wanted to negotiate a lasting political settlement to the 12-year war in which more than 50,000 people have died. Mrs Kumaratunga has ordered security forces to deal sternly with anyone trying to exploit the emphoria generated by an imminent army Reuter, Colombo victory to stir up communal violence.

UN food aid to North Korea

The United Nations World Food Programme will today deliver a 5,140 tonne consignment of rice to North Korea to help feed 500,000 people in the west and northwest of the country left destitute by recent floods.

The rice consignment is the first UN food aid ever sent to North Korea and is part of a relief plan comprising 30,250 tonnes of rice and 675 tonnes of vegetable oil.

Today's delivery follows UN estimates that the floods caused the loss of up to 1.5m tonnes of grain at a time when there was already evidence of child malnutrition.

Only Denmark and Finland have contributed to a WFP appeal for North Korea, forcing the organisation to use emergency funds for the shipment. Peter Montagnon, London

India clears PepsiCo plan

India's Foreign Investment Promotion Board has cleared a proposal from PepsiCo, the food and soft drinks conglomerate, to make new investments of Rs3bn (\$86m) in its Indian operations, taking the company's total investment in India to

The company has not been deterred by a recent setback when the Delhi state government cancelled its licence for an outlet of its subsidiary, KFC. The proposal requires final approval from the Finance Ministry's committee on foreign

Central government officials are keen to push through foreign investment, especially in the food processing sector, before general elections next year. They are irked that the Delhi state government, led by the Bharatiya Janata party. Shiraz Sidhva, New Delhi has cancelled KFC's licence.

Egyptian warning mislaid

Rgypt's ambassador tried to warn Pakistan a week before a suicide bombing killed 17 people, but his letter was misplaced until an hour after the attack, Pakistan's interior minister said

Police are holding 10 suspects, including six Egyptians, in the attack that ripped apart Egypt's embassy on Sunday, said Mr Nasecrullah Babar, the interior minister.

Mr Babar said that Ambassador Mohammed Noman Galal wrote to Islamabad's chief law enforcement official last week, saying Egypt was afraid "Islamist forces" would attack the embassy or hijack an Egyptian airliner.

But the letter, marked "most urgent," was misplaced and was not delivered to the official until after the blast, Mr Babar

Pakistani official assassinated

A senior government official was assassinated in Karachi resterday. Mr Ehsan Ali Shah, a deputy director of the chief minister of Sindh, of which Karachi is the capital, was ambushed by four gunmen while he was driving to his office. Mr Shah's driver and a friend travelling with him were also

Unrest in Karachi has so far claimed more than 1,700 lives this year. Prime Minister Benazir Bhutto's government accuses the Mohajir Qaumi Movement, Karachi's largest ethnic political party, of being involved in most of the killings. The MQM denies the charge.

Talks between the government and the MQM which began early this summer have failed to produce an agreement. The MQM says it is fighting for more economic and political rights for its Urdu-speaking mohajir community Farhan Bokhari, Islamabad

FINANCIAL TIMES

Strike that sums up Australia's divide

Mine dispute goes to heart of party policy differences, writes Nikki Tait

ederal politics bangs like a cloud over the main hearing room of the Australian industrial Relations Commission in Sydney. where the case of striking workers at the bauxite mining operations of the CRA group in Queensland is being argued.

At face value this has been

ing to secure approval for proj-

ect proposals by the end of the

year, thus making these projects eligible for tax conces-

sions on equipment imports.

Investors are being aided in

this by local authorities anx-

ious to preserve the flow of

In Shanghai, the municipal

Foreign Investment Commis-

sion, which is authorised to

approve projects up to the

value of \$30m (£19m), has been

inundated with new proposals

in the two weeks since Mr Zhu

made his announcement at a meeting in Beijing with Chi-

nese bank and insurance com-

"People are rushing to regis-

an industrial relations matter, about the right to bargain collectively and "equal pay for work of equal value".

But no one pretends that this dispute begins and ends in Weipa, in far north Queensland. A federal election is less than six months away, and the fracas has big political ramifi-

industrial relations policy is a key campaign issue, partly because it is a subject on which Labor and the opposition coalition have clearly distinct policies, and partly because of its relevance to the "battler" vote, which Labor, trailing in the opinion polls,

needs to shore up. Quite who, in 1995, constitutes a battler is a matter of debate, in the past, the image has been of the "blue-collar", worker, but the probably now includes both wbite-collar workers and "small business" people. How-ever, it is still identified as predominantly male, in the 25-49 year age-range, and oo a middle to lower income.

At issue are the rights of 70plus Weina workers who have refused to sign CRA's individual contracts and claim to have been penalised financially

Last weekend the ACTU former Australian prime minis-



The ACTU's Relty, left, and prime minister Keating, right

called for dock and coal strikes in their support and threatened to extend the action to other sectors. This only subsided when the AIRC inter-

Superficially, a union "victory" in the Weipa case would bolster Labor's standing with this part of the electorate demonstrating that the Australian Labor Party-Australian still protects the "working

cherubic-looking secretary, has described the Weipa dispute as "the line in the sand".

On Tuesday the commission gave the Weipa workers an immediate pay rise, reducing the differential with their contract counterparts. Now it is hearing arguments - spearbeaded by Mr Bob Hawke, the

ter who was called in by ACTU to present the workers' case for pay parities.

But the ACTU, by raising the tempo of the dispute, has also exposed how far industrial relations legislation, enacted under Labor, has already changed the labour market's dynamics.

The 1993 industrial relations reform act was a hard-won movement and the government nan".

Mr Bill Kelty, the ACTU's minister, with the former herubic-looking secretary, has prise-based bargaining" (as opposed to the traditional system of national awards) in return for having some basic safeguards, such as the right to strike, enshrined in law.

Repeatedly, AIRC members

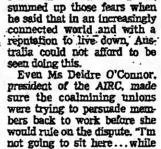
simply, it has been pointed out that CRA, one of the country's largest mining companies, 49 per cent owned by Britain's RTZ, implemented its controversial individual contract policy under this Labor-devised legal framework.

The company simply offered over the past three years,

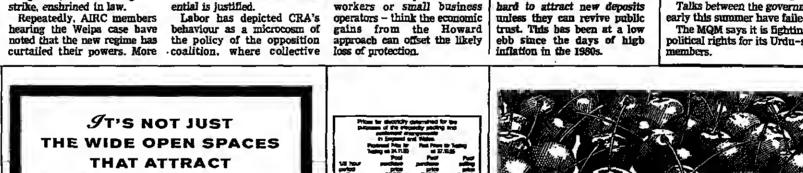
did seem alarmed at the resurgence of secondary industrial Mr Don Argus, chairman of National Australia Bank,

the economy is suffering," she

workers more than the unionnegotiated award payments if they agreed to relinquish their CRA, which has used this tactic to switch thousands of workers on to staff contracts maintains that employees in collective employment arrangements are always less produc-tive than those on individual contracts, and thus the differential is justified.

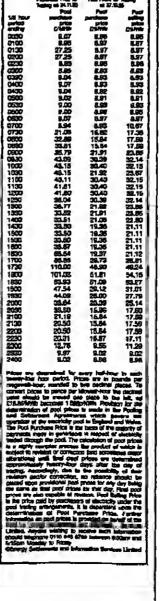


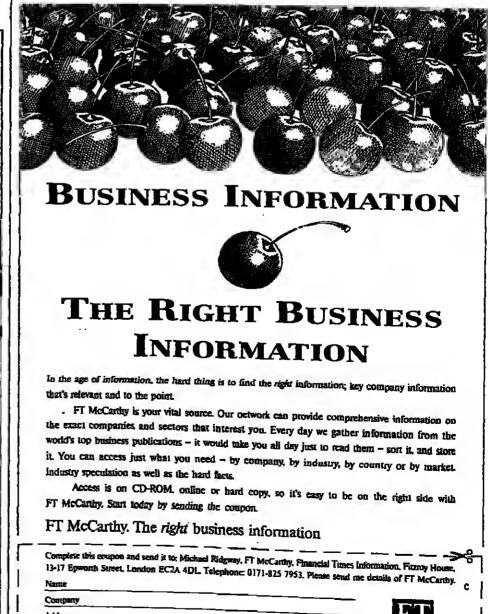
commented. As far as votes go, the ques tion may be whether the bat-tiers - be they blue collar workers or small business

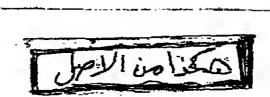


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integrated car

By Kevin Done,

East Europe Correspondent

General Motors of the US and

the Polisb government have

begun formal talks on GM pro-

posals to build an integrated

car manufacturing plant in

Poland with an investment of

Mr David Herman, chairman

of Opel, GM's main European

subsidiary, said yesterday that

the company was aiming to build a plant on a greenfield

site with a capacity to assem-

ble 70,000 to 100,000 cars a

Following talks with Mr Kle-

mems Scierski, Polish minister

of trade and industry, Mr Her-man said the two sides would

meet again in December with a

view to refining the agreement

on conditions for the invest-

ment in January.
Final approval from the GM

board is expected during the

first quarter next year. Produc-tion is planned to begin by

Confirmation of the GM plans comes shortly after the US vehicle maker lost its bid against the Datwoo group of

South Korea to take control of

FSO, the state-owned carmaker

based in Warsaw. Daewoo is

taking a 70 per cent stake in FSO and has pledged to invest

With Fiat of Italy also firmly

established in Poland following

its earlier takeover of FSM, the

country is emerging as a cen-

tre for vehicle manufacturing

\$1.1bn (£709m) up to 2001.

in central Europe.

up to DM550m (£252m).

plant in Poland

Mr Herman said yesterday that GM had decided to open a

regional components and mate

tral Europe in Warsaw, and that it intended to support the

development of the Polish sup-

GM components purchases

in central Europe are expected to rise to up to DM1.8bn a year

by 2000, he said, with Poland

accounting for around 40 percent of the total. The group

planned to integrate supplier

companies in central Europe

into its European Opel vehicle production network.

Mr Herman said that the

group had considered 42 possi-

ble locations for the new

assembly plant. A final site

had not yet been chosen, but the plant would be built in

southern Poland within a 100km radius of Krakow in

order to be close to both the

main concentration of Polish

components suppliers and to

suppliers in the Czech Repub-

GM is aiming to reach a local

content level of more than 60

per cent with the output of a low-cost family car aimed chiefly at the domestic Polish

market and st other markets in

It is expected to build a mod-

ified version of its existing gen-

eration Opel/Vauxhall Astra

using a high level of Polish

materials including steel. The

new plant will include a press

shop, that could also produce

parts for west Europe, said Mr

central and eastern Europe.

plier industry.

rials purchasing office for cen-

investors however are con-cerned the FZA, a recently-es-tablished political entity with

no first-hand experience of port

or free-zone management,

should base its decision purely

For more than 100 years

until 1967 Aden was regarded

by shipping companies as one

of the world's great natural

harbours and busiest duty-free

and bunkering ports. Subse-

quent events, which included

The world truck market is

about to go into a decline from

which it will not recover until

early next century, according

to the Economist Intelligence

The forecast applies to

trucks of six tonnes and

upwards, and contrasts with

sales projections for lighter commercial vehicles, which

sbow uninterrupted growth

totalling 20 per cent over the

from next year by cyclical

downturns in the West Euro-

pean and North American mar-

The trucks sector will be hit

on advice from port experts.

Now's the time to take a closer look

Port of Aden poised to compete in region |GM in talks on

Robin Allen on a decision in the next few days on one of two international consortia development plans

he port of Aden could soon be competing with Dubai and Jeddah as a transhipment terminal for the Red Sea, East Africa, the Gulf and the Indian sub-continent if plans before the Yemeni government are approved. For two months Aden's Free Zone Authority (FZA) has been studying proposals by two con-

sortia to revitalise the port and develop a free zone. It is being helped by legal, financial, and port engineering experts funded by the British govern-ment's Overseas Development Administration (ODA) under a Peat Marwick Goerdeler). President Ali Abdullah Saleh's government, acting on FZA recommendations. is expected to give to a relic of the 1960s. Unlike Yemen's small and the go-ahead to one of tha two rival plans in the next few diminishing supplies of oil and

gas, the port is a renewable asset and has in recent years, largely as a result of profes-sional management, been able to finance a \$15m of expansion from its own revenues.

The two consortia are UKbased MBI International Group and Yemen Investment & Development Company (Yeminco), a local subsidiary of Saudi Economic Development Company (Sedco). The total cost of each development plan would be about \$500m spread

kets according to the EIU. Demand will be further

depressed by deregulation of

road transport and other legis-lative changes in Europe, and

by the use of electronic logisti-

cal aids allowing truck opera-

tors to use their vehicles more

Despite the inevitable inten-

sification of competition, fur-

ther collapses of European over the next five years as

efficiently.

1995



proposal requires any funding from Yemen's cash-strapped

The MBI group includes Vanguard International, part of the affiliated Guernsey-based JJ Worldwide group, the UK's Halcrow International Partner-ahip and Port of Singapore Authority (PSA).

MBI's proposal covers a three-phase construction, on a build-operate-transfer basis of a container terminal on the port's north sbore. Phase one would involve huilding two berths for the largest "Pana-max" container ships now in

Bumpy road ahead for world truck makers

truck manufacturers on the

scale of the former Anglo-

Dutch DAP group two years

ago were unlikely, it said. Mar-ket shares would become more

evenly balanced, preventing

the emergence of a single dom-

Indeed, European dominance

of world heavy truck produc-

tion would be consolidated

1999 2000



final assembly operations ault Espace, warns that the expanded beyond traditional small but fast growing MPV

service (so-called because they are too large to transit the Panama Canal), dredging the har-bour channels and building a container yard. Phases two and three would concentrate on expanding gantry crans and other facilities so the terminal could bandle an annual throughput of up to 3m 20-foot

equivalent units (TEUs). The contract with the FZA would entitle MBI to property and lease rights. MRI's start-no capital of \$120m would be provided by the sharebolders. The rest would be covered by international banks, the International Finance Corporation, the

markets to many parts of the

developing world, particularly

India, Mexico and the Pacific.

Japanese truck makers

emained in the weakest posi-

tion because of their high costs

and the strength of the yen;

however the increasingly-

proclaimed threat from South Korean rivals was widely over-

Meanwhile market analysts

DRI McGraw-Hill, in a separate

report on light vehicles such as leisure four-wheel-drives and

multi-purpose vehicles (MPVs)

such as the trend-setting Ren-

estimated, the RIU said.

At first glance, you'll see that Northern heland is already home to many top multinationals eager to

work-force, extremely competitive business costs and an unbeatable financial assistance package - as

So, when you add-up the advantages, don't you

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Areland also has a highly productive and skilled

well as the advice and resources of the IDB.

think it's time you took a closer look?

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World Bank's private sector affiliate, and export credit agencies, particularly for the

Equity partners of the Yeminco/Sedco consortium are Dallas-based property developers Alliance Development Corpora-tion, owned by Mr Ross Perot Jr. P&O (Australia), whose parent company operated Aden port until 1967; and Londonbased power contractors AES. Sedco has retained Denverbased Meneren Corporation as project manager.

Yemînco'a basic plan is more brosdly conceived. It also

market in Europe may stabilise

at around 450,000 units. This

would leave manufacturers,

who are currently crowding

into the sector with many new

products, with a severe over

capacity problem, of around

World Commercial Vehicle

Forecasts 1996 Edition, Econo-

mist Intelligence Unit, 15

Regent Street, London SWIY

World Light Truck Industry

1 Hartfield Road, Wimbledon,

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and upgrading the existing Ma'alla terminal at a cost of some \$115m. But it would also involve spending some \$60m on a free zone area, and includes plans to spend \$60m over two years to provide a 120MW power station, and to modernise Aden'a airport at Khormaksar. Construction of a 9,800 sq m world trade centre

has also been discussed. Meneren has secured a \$185m equity allocation from Deutsche Bank in the form of a "special programme development fund". Equity investment of an initial \$25m would be supplemented hy revanue streams, equipment from the US Federal Aviation Agency for the sirport, and funds from International lending agencies as well as through export

Desperate for aid money and already in talks on economic reform with the International Monetary Fund and the World Bank, which could provide a \$200m three-year loan, the government knows that a delay "beyond November 30", according to one source involved in the negotiations with the FZA. would seriously undermine what little credibility President Saleh still has with the inter-

Coca-Cola targets

By Kevin Done,

Coca-Cola, the world's largest soft drinks producer, has opened a regional office in Istanbul to use Turkey as the springboard for expansion into in the next two years.

of Coca-Cola's Greater Europe group, said the company had already exported \$30m of supplies and equipment from Tur-key to the region in the last two years.

expanding its operations too in Turkey with the opening of two new bottling plants follow-ing an investment of \$54m. Along with its bottling part-

subsidiary of Coca-Cola.

central Asia

Forecast Report. DRI/McGroup-Hill, Wimbledon Bridge House,

Coca-Cola has formed an alli-ance with the Anadolu group of Turkey, the biggest Turkish brewer, which has the Coca-Cola botting rights for Turkmenistan, Kyrgyzstan, Kazakhstan, Azerbaijan and parts of southern Russia.

ners, it has doubled its capital

in the past two years. The two plants, located in the cities of Bursa and Mersin. will be owned and operated by Maksan, which itself is wholly owned by Atlantic Industries, a

East Europe Correspondent

Central Asia, where it is plan-ning to invest more than \$100m Mr Neville Isdell, president

The US beverage group But in Belling western offi-

investment in Turkey to \$250m

China says time is ripe to join WTO

By Tony Walker in Beijing

The time was ripe for China to join the World Trade Organisa-tion following its announcement of substantial tariff cuts at the recent meeting of the Asia Pacific Economic Co-operation forum, a Chinese official said yesterday.

Mr Shen Guofang, a foreign ministry spokesman, said China had made "unremitting efforts" to join the WTO and conditions for entry had "basically become mature".

cials monitoring negotiations on China's accession to WTO said Beijing still has a long way to go to satisfy entry requirements. While they wel-comed China's announcement that it was reducing duties on 4.000 imported items by 30 per cent, they noted that tariff reduction was only part of the requirement for entry to the world trade body.

China has not yet provided details of items on which tariffs will be reduced, nor has it outlined its plans for lifting quotas on more than 170 products. Beijing may withhold this information until early next month when negotiations resume in Geneva on China's entry to the WTO.

China's decision to cut tariffs will give a sharper focus to the negotiations. Beijing clearly help accelerate the negotia-

But other vexed issues are certain to bedevil the negotia-

These include demands for greater access to the Chinese market for service institutions such as foreign banks and insurance companies, improved transparency of rules and regulations governing trade and commerce, and greater protection for intellectual property rights.



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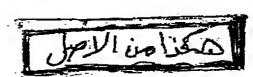
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The state of the s



Egypt's President Hosni

Mubarak yesterday moved

decisively against the coun-

try's oldest and most popular Islamist organisation, the Mos-

lem Brotherhood, after years of

turning a blind eye to many of

A military court sentenced 54 men to between three and

five years in prison, some with

hard labour, after a controver-

sial conspiracy trial against 81

middle-ranking members of the

forces closed the group's head-quarters in central Cairo. The action is the biggest blow to the Brotherhood since

the purges and mass arrests by the nationalist president Gamal Abdul Nasser in the

Yesterday's events were the

culmination of a strategy

adopted about a year ago by President Mubarak's govern-ment aimed at repressing the

country's biggest and most

effective opposition movement.

In parliamentary elections next

week the Brotherbood, although technically banned, is

running more than 150 candi-

dates, as independents. Established in 1928 by Mr

1950s and 1960s.

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Mubarak cracks down on Islamists

assassination attempt by Islamic militants during a visit to the Ethiopian capital Addis Ababa in June. However, to avoid an all-out confrontation, the leadership was left untouched and the moveme was allowed to continue most of its activities, including standing in Wednesday's elec-There are people in the gov

hood is the prototype for modern Islamist parties throughout the Middle East and North

Africa. In Egypt it has remained faithful to its roots,

aiming to create an Islamic

state through mainly peaceful

means. Much of its work is

charitable: it sponsors schools,

training colleges, hospitals, mosques and food kitchens. It

is estimated to have hundreds

of thousands of members.

Although banned by President

Nasser in 1954, the movement was courted by President Anwar Sedat and until

recently tolerated by Mr

Observers in Cairo say the

change in Mr Mubarak's atti-

tude towards the Brotherhood

occurred when Egypt's secu-rity forces gained the upper

hand against Islamic militants

campaign of terror in the main

Government officials began

to lump tha Brotherhood together with militant groups such as the Gama's al Islamiya

and al-Jihad, despite protesta-

tions from the movement that it had nothing to do with them.

Hundreds of the movement's

members have been arrested

since January, intensifying after the president survived an

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ernment who are convinced that the Brotherhood has been helping the terrorists," said one diplomat. "Whether or not they have any evidence to prove this remains to be seen. But the president has obviously sanctioned a clampdown, albeit e cautious one, to eliminate the movement on a national level.

The cases against the 81 defendants were referred to the military courts in September. The charges include holding illegal secret meetings, having links with terrorist groups and trying to re-activate an illegal organisation. The trials caused controversy in Egypt and were condemned by human rights groups such as Amnesty Inter-

Previously the military courts – which unlike the civilian ones are considered quick, ruthless and efficient – had

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Essam el-Eryan, a leader of the Egyptian doctors' association, is led from the military court

been reserved for Islamist terrorists. The defendants from the Brotherhood consisted of prominent members of society including doctors, academics, lawyers and journalists. Some of the sessions were described by independent observers as

farcical. The move against the Brotherhood is seen as an attack on a new generation of leaders of the movement - the most prominent being Mr Essam el-Eryan and Mr Abdelmoneim Abul-Futouh, who were both

eentenced to five years with hard labour. Nearly all the movement's leaders are over 70 and have been under increasing pressure to give way to younger activists. The closure of the move-

ment's headquarters, which has been used openly by the Brotherhood since 1972, means that any meetings from now on will have to be organised covertly with the risk of further arrests.

Despite the clampdown, members of the Brotherhood

Mastering Management is a 20

week series being published in

remain defiant. Mr Mohamed Abu Katoush, who has been repeatedly arrested for campaigning for e parliamentary seat in the Cairo slum of Boulaq, says that the government's actions will in the long run

prove ineffective.
"We are used to reorganising conselves in the face of repression and this time will be no different. We know this government is unpopular and has no real legitimacy. In the end it will have to go but we will INTERNATIONAL NEWS DIGEST

Shell turns on its accusers

Royal Dutch/Shell yesterday accused environment campaigners Greenpeace, Friends of the Earth and the Body Shop of "lying" after it emerged that a "recent" photograph of a gas flare used to illustrate a full page advertisement was taken nearly three years ago. The advertisement was part of a campaign to boycott the giant oil company because of its

"We are tired of people telling lies. We have nothing to hide," said Mr Brian Anderson, Shell's managing director in Nigeria, at a media briefing in London.

The Sunday newspaper advertisement carried a photograph of a flaring gas pipe, with the headline: "Dear Shell, This is the Truth. And it Stinks."

Tha text below asserted: "This picture was taken recently in Ogoniland - the part of Nigeria that Ken Saro-Wiwa and the Ogoni people have been campaigning to defend for over thirty

Two weeks ago the Nigerian government provoked international outrage and calls for oil sanctions when it executed Mr Saro-Wiwa and eight other campaigners.

Shell yesterday showed a film taken during a helicopter tour of the region this week. None of the gas outlets were being flared, and the presence of undergrowth, which cannot survive the heat of burning gas, indicated that no flaring had taken place for some time.

Asked to comment, Friends of the Earth said the photograph had been taken in January 1993, but defended its description had been taken in January 1993, but defended its description.

as recent as "a completely legitimate use of tha word". A Greenpeace spokesman said the photograph was "as recent ... we can get". Mr Anderson said the company would lodge a complaint with the British Advertising Standards Authority over the advertisement, which called for a boycott of Shell products. Shell stopped its activities in Ogoniland two years ago following civil unrest in this part of southern Nigeria.

Michael Holman, London

See Editorial Comment

Algeria's FLN shifts tactics

Algeria's National Liberation Front (FLN), the former ruling party, yesterday sent a warm letter of congratulations to newly elected President Liamine Zeroual.

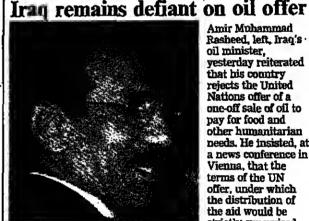
Only a few weeks ago, FLN leaders were calling for a boycott of an election they considered a farce aimed at lending legitimacy to an illegal regime. The failure of the boycott - according to government figures

nearly 76 per cent of the electorate voted last week - seems to be forcing a change of tactics on the part of the opposition, and a readiness to encourage Mr Zeroual to relaunch discussions aimed at resolving Algeria's four-year crisis. Mr Mehri's letter follows a similarly conciliatory one by Mr Rabah Kebir, spokesman for the leadership in exile of the Islamic Salvation Front (FIS). Mr Zeroual's election marks a

setback for the FLN. The former ruling party moved into opposition in 1992, after the army cancelled legislative elections the FIS was expected to win. In last week's election, however, many FLN supporters appear to have voted for Mr Zeroual. Algerian government officials say the president is now

contemplating starting his own party to maintain his support in preparation for legislative elections, which could be held next year.

Roula Kholaf London



Amir Muhammad Rasheed, left, Iraq's oil minister. yesterday reiterated that his country rejects the United Nations offer of a one-off sale of oil to pay for food and other humanitarian needs. He insisted, at a news conference in Vienna, that the terms of the UN offer, under which the distribution of the aid would be strictly supervised infringed Iraqi

sovereignty. "The negotiations with the UN are futile unless there is a change of heart, the Iraqi minister said after a Vienna meeting of the Organisation of the Petroleum Exporting Countries (Opec). The UN will not lift the 1990 Gulf War oil embargo until satisfied that Iraq has destroyed all its potential to unleash weapons of mass destruction.

But it has separately offered Iraq a one-off sale of oil under supervision to pay for urgent food and other humanitarian needs. Baghdad has regularly turned down the offer on grounds that the terms infringed its sovereignty.

The offer under UN Security Council resolution number 986

would let Iraq sell oil worth up to \$2bn over six months. Any suggestion that some Iraqi oil might be returned to an already soft market unnerves traders. Even with up to 2m b/d of Iraqi exports shut in by the sanctions, prices languish below \$17 per barrel.

Reuter. Vienna

World's insurers in green pledge

More than 40 leading insurance groups have pledged to promote sustainable development and sound environmental produce sustainable development and sound environmental practice in their own companies and among their clients. Representatives of 20 insurers were in Geneva yesterday to sign a Statement of Environmental Commitment, which has the backing of a further 23 companies.

The steering committee which drew up the statement in co-operation with the United Nations Environment Programme (UNEP) includes Britain's General Accident and NPI (Netional Provident Institutions), Gerling-Konzern Globale of Germany, Sumitomo Marine & Fire of Japan, Swiss Re and Norway's Uni Storebrand.

UNEP points out that insurance companies have a strong financial incentive to reduce environmental risk. "A few major disasters caused by extreme climate events or toxic waste spills could literally bankrupt the industry in the next decade," says Mr Hans Alders, UNEP's European director.

Insurers can set contract terms so as to encourage good environmental management by industry. As big investors, they can also influence the policies of companies whose shares they hold and exploit the opportunities for "green" investments. NPI, for instance, manages two "green" Frances Williams, Ger

Global gloom falls on business

Businesses around the world are less confident about their sales than at any time since the beginning of last year, according to the latest quarterly survey by Dun & Bradstreet, the business information group.

Optimism about sales has deteriorated for five successive quarters, with the decline proving particularly sharp in the Pacific region and the Americas. Optimism about sales in Europe has declined only a little.

On profits, Germany, Italy and the Netherlands were the only countries to see optimism rise significantly in the latest

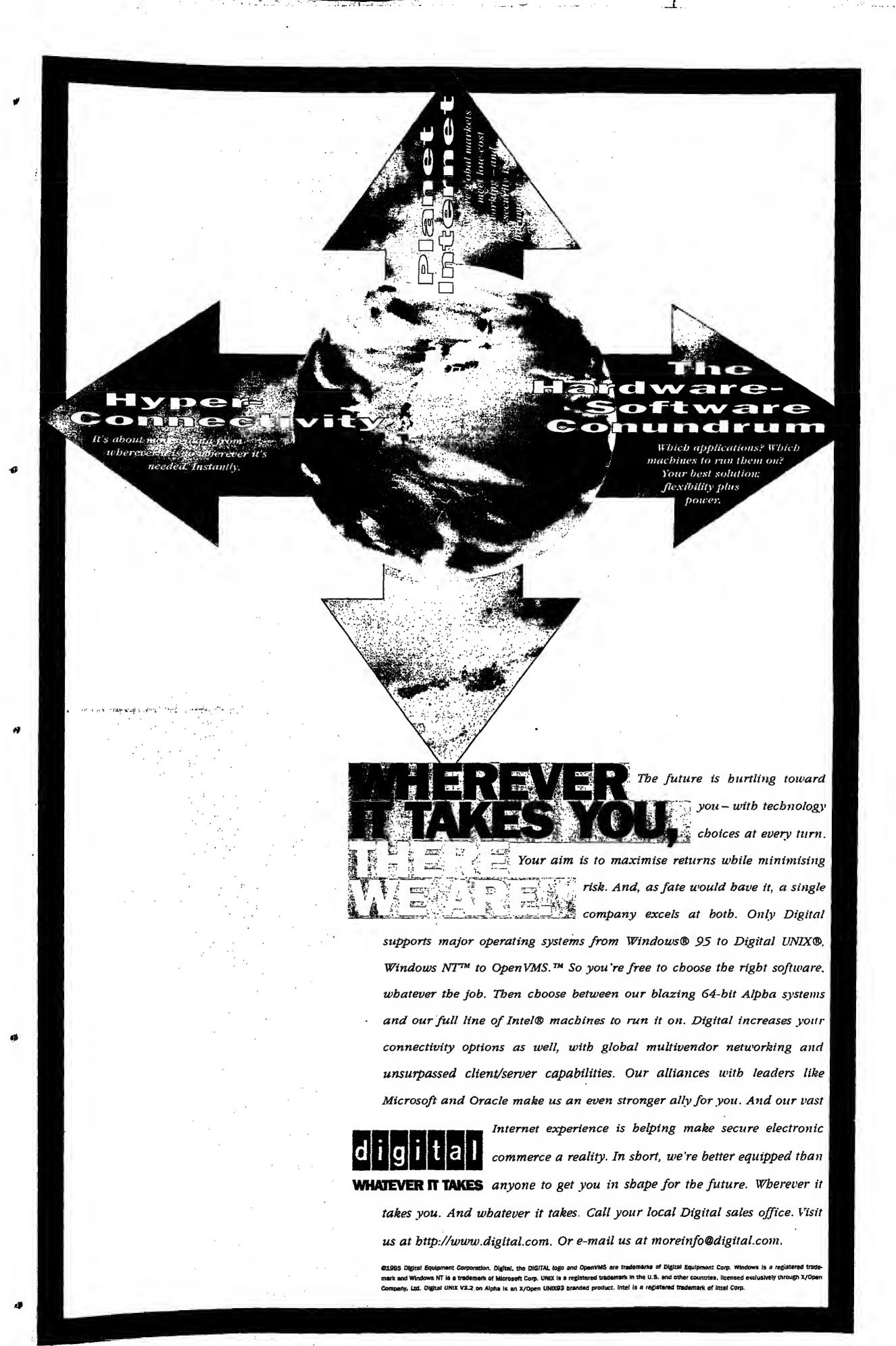
Companies around the world are also less confident about raising prices, with confidence in this area dropping to its lowest level since the fourth quarter of 1994. The biggest upswing in price expectations came in Switzerland, albeit from very low starting point.

The world average of employment expectations was little changed in the latest survey, with a slight pick-up in Europe and a slight deterioration in the Pacific region. Expectations in North America were flat. Robert Chote, Economics Edito

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Ghost of peso's plight continues to haunt investors

of the crisis sparked by last December's devaluation was over. Although it has recovered from its lows, the currency's fall has led to renewed anxiety not only in Mexico City but across Latin America. where governments worry about the contagion effects of Mexico's troubles, and in Washington.

For the administration of President Rill Clinton, which arranged and contributed \$20bn to a bail-out package for Mexico, the country along with Haiti - represents the main potential trouble spot in the western hemisphere as he seeks reelection next year.

If this much is clear, it is less obvious what is behind the latest bout of peso weakness. Asked if he was worried about the currency's tribulations, Mr Jesus Silva Herzog, Mexico's ambassador to the US, said this week: "I am concerned because we do not know what is causing it."

When institutional investors and bankers in the US are asked for explanations, almost all blame a lack of credibility in the Mexican government. "The bottom line," said a senior Mexican finance official, "is that the markets have not forgiven us for mishandling the

While the government from President Ernest Zedillo down is criticised, many in the financial markets remain highly sceptical about the way the Bank of Mexico is handling monetary policy.

Part of the central bank's credibility gap stems from its continuing insistence that it made no policy

The renewed spell of Mexican mistakes in 1994. This contradicts peso weakness has worried the widely held view that the bank's decision to expand domestic credit in 1994, to offset the contractionary effects of shrinking international reserves, sealed the fate of Mexico's pegged exchange rate

When Mr Miguel Mancera, tha central bank president, said in late October that the monetary base would be expanded by up to 40 per cent by the end of the year to accommodate the usual seasonal surge in demand for money, the financial markets took fright and the bank was forced to issue a state ment that the expected increase did not imply "the adoption of an expansionary policy stance.

Indeed, say independent US economists, such an increase would have left the central bank within its monetary targets set in March and in any case the actual expansion will be far below the 40 per cent

However, some argue that the bank's problem is precisely its quantitative targets for money supply, which have essentially been abandoned by tha main central hanks in the industrialised world.

Critics argue that it is impossible at any point in time to know whether Mexican monetary policy is tight or loose, because changes in the economy and financial system are doing unknown things to money

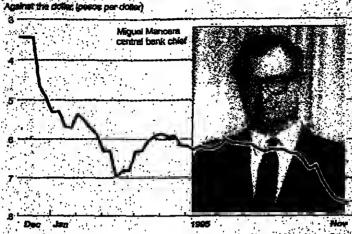
Economists at Chase Manhattan Bank in New York argue that the current peso problems "reflect a weak monetary regime" and that the central bank should switch to targeting interest rates. They say



that it is too easy, given Mexico's thin financial markets, for actors other than the central bank to manipulate both interest rates and the exchange rate and thereby send inappropriate market signals.

Under the current monetary regime, there are no incentives to stop banks, under financial distress, from pushing interest rates down sharply...and currency players from speculating indefinitely against the peso," said Chase senior economist Mr José Barrionuevo.

Suggesting it implied a shift to a so-called dirty float, he applauded the central bank decision to intervene in support of the peso this month. He says speculation in the peso - where three Mexican banks last year accounted for half of all Mexican peso: a problem of credibility? Against the dollar (peeps per dollar)



trading, according to the Interna-tional Monetary Fund - could be reduced further through a Brazilian-style currency auction.

However, some bankers in New York are worried that a sharp fall in reserves caused by central bank intervention risks setting off another panic.

There remains, for some observers, a more fundamental question. "There has been a drop in demand for all Mexican financial assets, and that includes money and securities," says one Washington-based economist. The Mexican authorities hava responded conventionally to this by raising interest rates in order to increase the attraction of Yet the effectiveness of this under

current Mexican conditions is in doubt. When short-term interest rates rise to 80 per cent, as they did hriefly last week, investor concerns intensify about the depth of the recession and the health of the banking system

The market is concerned about the bad quality of assets held by Mexican banks," says Mr Jim Nash, economist at Nomura Research Institute in New York. According to one senior banker in New York, consumer loans are performing particularly badly following the explosion of credit card finance up until .

The National Banking Commission has yet to publish consolidated accounts for the third quarter. But, based on third quarter results published by individual banks, bank analysts at Salomon Brothers estimate past due loans increased to 14 per cent of the banking system's total portfolio at the end of September, compared with 10.3 per cent

three months earlier. The estimate, which excludes banks taken over by the government, far exceeds the system's capital base and, partly because of this month's high interest rates, is expected to grow further in the fourth quarter despite the relief

ome investors have also begun to consider Mexico's future financing burden. While debt repayments will not match 1996's extraordinary total the government alone faced \$41.4hn of debt maturities in foreign cur-rency this year falling to only \$8.9bn in 1996 - analysts say the country will need to call continually on world capital markets, with 1997 and 1998 being particularly important.

Provisional figures from the Institute of international Finance, the Washington-hased organisation owned by financial institutions around the world, suggest Mexican public and private aector foreign daht maturities will rise from \$13.4bm next year to \$17.8bm in 1997 and \$19.4bn in 1998. Repayments fall sharply in 1999 to \$7.7bn and in 2000 to \$5.5bn. The estimates assume no further drawdowns from tha US credit line and only one more, this year, from the IMF.

The figures suggest unless finan-cial market attitudes to Mexico improve the country will continue

to face difficulties for a considerable period. Despite this, government officials say they are determined to stick to their current strategy.

This means they are not beeding the calls by two groups of economists - one concentrating on the real economy and the other on the financial system - who say the depreciation of the peso is nothing to worry about and that a further devaluation would be beneficial.

One group led by Mr Rudi Dorn-busch of the Massachusetts Insti-tute of Technology, argues that a looser monetary policy and a still weaker peso is needed to get the private economy moving. He agrees investors will not like it, but says investors will exit anyway because of political and other concerns.

Another group, led hy Mr Guillermo Calvo ot the University of Maryland, argues that a sharp peso depreciation and lower interest rates would boil down, or liquefy, the banking system's bad loan prob-lems and cure the excess supply of Mexican financial assets at a stroke.

For more orthodox economists, this is dangerous talk. "The real exchange rate is more than 35 per cent more competitive than it was at the end of last year and exports will grow this year by more than 30 per cent," says one monetary offi-cial in Washington. It is not at all clear a further devaluation would do anything more than feed an inflationary spiral. It would also be unfair to savers and create a moralhazard problem in which those who have behaved most recklessly in the past benefit most. "If you liquefy bank assets, you also have to liq-uefy the liabilities," he said.

Garrulous Gingrich gives Republicans cause for concern

By Jurek Martin in Washington

As American families consumed their Thanksgiving turkeys yesterday, the more politically minded among them might be excused for wondering whether Congressman Newt Gingrich, the Speaker of the House of Representatives, was turning into one.

Rarely has a politician fallen so far and so fast in the public esteem as Mr Gingrich. Widely hailed even by his critics not so long ago as the most powerful Speaker this century," or at least within living memory, he is now increasingly of her two children in South Caro-

1

seen as one of the largest obstacles to the successful completion of the Republican agenda of which he was a leading architect.

He is in public hot water again for some typical remarks after a session with Republican governors in New Hampshire on Tuesday. He said that a singularly gruesome trinle murder in Illinois was the direct result of "the welfare state" and "the moral decay" which it had gen-

This is not the first time Mr Gingrich has ventured into this territory. He blamed a mother's murder

lina last year on President Lyndon Johnson's Great Society social legis-lation (which, he said, had killed more people than LBJ did in Vietnam) and once described the complex sexual affairs of film director Woody Allen as the "perfect model of Clinton Democratic values.

His critics have had a field day with his latest excursion. A Washington Post editorial vesterday said: Mr Gingrich affects to be an intellectual, an historian and a moralist. These odd formulations of his fail on all three counts."

Mr Mike McCurry, the White House press secretary who loves to

take the Speaker on, sarcastically dismissed them as "some kind of sociology course."

If such reactions were to he

expected from his opponents, the controversies the Speaker sparks are also beginning to worry his Republican colleagues. They are about to enter intense budget negotiations with the administration in the knowledge that public opinion has turned against them in good measure because of Mr Gingrich's comments and attitude, of which his complaints of being snnbbed by the president aboard Air Force One are merely the most egregious.

Mr Gingrich may not even be a central member on the Republican team. Those burdens look likely to fall on three hudget experts, Senator Bob Dole, the majority leader, and Senator Pete Domenici and Congressman John Kasich, heads of

the respective budget committees.

Leading the administration side will be Mr Leon Panetta, White House chief of staff but previously a House budget committee chairman. and a central player in the 1990 bodget accord signed by President George Bush. Mr Gingrich led an unsuccessful fight against that agreement hecause of its tax

any compromise he and his fresh-man Republicans do not like.

The underlying doubts about Mr Gingrich always centred on whether he could make the transition from being a bomb-thrower of the Republican right, his self-designated role since he was elected to the House from Georgia in 1980, to the national stage as Speaker, a position that ranks third in constitutional seniority behind the president and vice president.

Sometimes he does play the more statesmanlike role. This week he was more conciliatory than Mr Dole

increases and may look askance at in not dismissing out of hand US participation in the Nato mission to enforce the peace in Bosnia, urging memhers to keep an open mind

until they learned the details. But this is more than offset by his love of the spotlight and perpetual tendency to run off at the mouth on any known subject, allied to a contempt for Mr Clinton and liberal values that he rarely bothers to con-

Over Thanksgiving, Mr Gingrich will decide with his family about a presidential run. Nobody thinks he will enter the race with his polling

Of all the eggs in the basket



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Deep-rooted Strength

Menem blank cheque opposed

By David Pilling in Buenos Aires

Congressmen from the opposition and the governing Peronist party want President Carlos Menem to tell them precisely what use he would make of the emergency economic powers he has requested, resisting what many see as the granting of open-ended author-

Congress to declare e state of economic emergency, which would enable him to adopt discretionary powers to cut state entities, raise taxes and push ahead with privatisations.

He wants the powers to instigate what is being called State Reform II, a second phase of public-sector restruct-uring, which ha says has become more urgent because of the pressing need to bring expenditure into line with tax revenue. This has fallen well below expectations in 1995 because of recession, raising serious concern about whether next year's hudget can be bal-

The national committee of the Radical party said it would oppose giving Mr Menem a "blank cheque by means of an unconstitutional law that gives him a free hand to create more unemployment and to

reduce wages." Government officials are resisting pressure to provide too many details of which state bodies would be cut, or which taxes would be altered. fearing that to do so would provide lobbyists with amounition to scupper the whole It is thought that among the

government's plans are to maintain VAT at 21 per cent for a further year.

After the Mexican devalua-

tion, which rattled confidence in Argentina, the treasury raised VAT from 18 to 21 per cent, but the tax is due to revert to its previous level next April.

raise duty on beer and cigarettes and introduce income tax for judges and politicians, currently exempt.
It is also planned to phase

ats and other government bod-

The government may also out overlapping sub-secretari-



Striking machinists outside Boeing's Seattle HQ rejected their own union's advice

Author Clancy turns talent to cybercomics

By Christopher Parkes in Los Angeles

Tom Clancy, the acclaimed novelist, is to boldly go across the last great frontier left in the publishing world.

The author of bestsellers such as The Hunt for Red October, Patriot Games and Clear and Present Danger is working on a crew of comic book cybercops for BIG Entertainment, a small Florida entertainment company, who will star in a "graphic novel" due out next summer and feature in a series of adventures on the Internet. Planned spin-offs from these futuristic FBI agents dedicated

to bugging Internet crooks and cyber-terrorists in 2025, include on-line publication, films, CD-Roms, video games, T-shirts, backpacks, toys and even real novels - the type without pic-The man who once said sur-

rendering a book to a film producer was like delivering one a daughter into the hands of a pimp, appears to have done a deal under which he and fellow author Mr Steve Pieczenik will

get half the profits. Mr Mitchell Rubenstein, cofounder of BIG E, says that while the company turned over

just \$8m in its first 12 months.

come 1997 "and we go gangbus-ters". That is when the first of an expected series of feature and television films based on BIG E's stable of "entertainmant properties" reach the

Television and video deals involving Mr Clancy's Net Force are expected to be signed in the next few months. A leading film studio was among the earliest callers when news of the deal broke this week, Mr Rubenstein says. Meanwhile, current projects

include a hardback "novelization" of the monthly comic of Star Trek actor Leonard Nimoy's alien creations, Primortals. Warner Books, part of the Time Warner entertainment conglomerate, will bring it out on behalf of BIG E in time for Christmas. And Mr Gene Roddenberry, creator of Star Trek and father of Mr Nimoy's screen character, Dr Spock, is responsible for another BIG E creation, Xan-

der in the Lost Universe. Mr Clancy, who claims ha can write 1,200 manuscript pages of blockbuster in five months, says: "Net Force combines my love of science fiction, my fascination with computers and my long-standing Add in fantasy, role-playing and games, as markating experts point out, and you have the perfect mix for the young male adult audience.

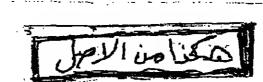
The BIG E business formula

based on the fact that nine of the 10 biggest-grossing films ever were from the sci-fi and fantasy genre. They include Indiana Jones, Jurase ET, Star Wars and Batman. The Batman marketing phenomenon started out as a comic book. The hit movie. Mortal Kombat, began as a

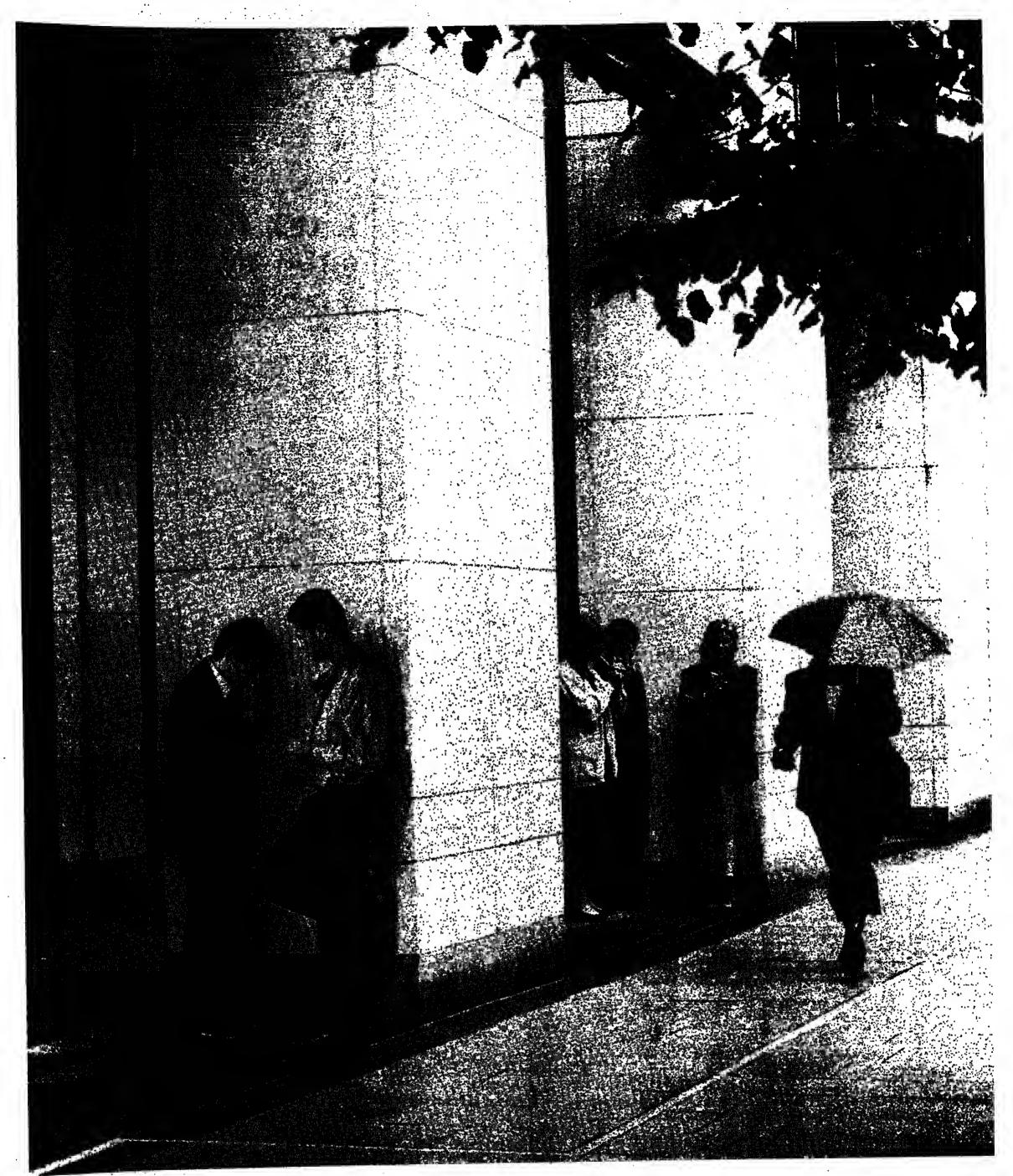
Despite its links with the Internet, BIG E's "21st century approach" to entertainment is also designed to reach into the consumer's pocket via the dull

old shopping mail The company has latched on to a trend in which shopping centre developers are looking for ideas to replace department stores - disappearing under pressure from specialist retail-ers - as the "anchors" and

attractions to their sites. BIG E already has almost a "entertainment kiosks" in regional malls (favoured hangouts of idling youth) which sell comics and games and feature banks of video monitors showing programming, music and







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concern

A powerful attack on British Telecommunications' business ethics was launched yesterday by Mr Don Cruickshank, the industry's watchdog, as the war of words between the two sides reached a new level of

Mr Cruickshank, director general of Oftel, accused BT at a public bearing of failing to implement fair trad-ing throughout its business. He suggested BT took the view there was no harm in carrying out an anti until the regulator intervenes". At the hearing, the first of its kind

concerned with regulatory matters, he complained: "I have found repeatedly the only way I can seek to control anti-competitive practices in relation to individual complaints has been to seek to change the rules rather than to apply them."

The focus of the bearing, attended by more than 200 people, was to debate s proposal put forward by Mr Cruickshank earlier this year, to give him widespread powers to root out anti-competitive behaviour in the industry.

The proposal part of a wide-range ing review of Britain's regulatory regime published in July, is designed to make it easier for him to attack such practices. BT's rivals have accused the company of tactics making it difficult for new competitors to enter the market.

Mr Cruickshank is concerned that BT's monopoly within the UK market has barely contracted, despite the emergence of 150 new licensed operators over the last few years.

Mr Cruickshank's criticism came as Sir Iain Vallance, BT's chairman, questioned the motives behind the regulator's proposal. Speaking at the Policy Studies Institute last night, Sir Iain said: "It is not clear what lies behind the director-general's ambitions to become an untrammel-

led competition authority as well as

a regulator." He accused Mr Cruickshank of seeking to drive down BTs market share "by any and all means that come to hand" at the expense of his other responsibilities"

BT is worried that Mr Cruick-shank's proposal would give him the power of judge and jury with no recourse to a higher court.

Sir Iain said: "It is my belief that the director general's current proposals presage a highly dangerous new form of regulation, with broad and undefined discretionary, or absolute, powers vested in a single

Despite the sharp differences between BT and the regulator, Sir Iam backed Mr Cruickshank's recent suggestion that regulating UK telecoms was too much for a single indi-vidual and that a commission should

take its place. At the Oftel hearing, Mr Wayne Gowan, chairman of the Cable Communications Association, said that competition policy had failed to control BT and provided no commercial redress for its rivals.

He said that if the price cap on BT's line rentals to customers was removed or relaxed, as proposed by Mr Cruickshank in his July review, new anti-competitivs measures would be vital.

Internet companies angered

By James Harding and Paul Taylor

Oftel is considering action against British Telecommunications following allegations of anticompetitive practice in the market for Internet ser-

The threat of intervention comes as BT is trying to win corporate customers from independent Internet service providers with cut-price connections through its fledgling BTNet division.

There have also been com-plaints to Oftel from other Internet service providers about BT's plans to enter the consumer disl-up internet market by the end of the year. The small, but fast-growing independent Internet compa-nies have been pressing Oftel to penalise BT, which they believe has been abusing its dominant position to steal

their customers. In a letter to independent Internet service providers, Oftel confirms that BT is using funds from other areas of its business to subsidise BTNet. Although this cross-subsidy

contravenes the rules of BT's licence, Oftel says it is considering whether the subsidy is "unfair at this stage, as the company [BT] is still very much in its start up phase".

"Oftel will be monitoring the situation to ensure that an unfair subsidy does not take place at a time when the company should be meeting its own costs," the letter says.

Cross-enbsidising is one allegation that has been levelled against BT by independent Internet companies.

Mr Peter Dawe, founder of Unipalm PIPEX, one of the leading Internet service providers to business in the UK, says that BT has taken his customers by offering a free service if they disconnect from PIPEX. "This is clearly anticompetitive practice," he says. As yet, BT does not offer a service for individual consumers, but has confirmed it will launch a package aimed at this fast-growing market segment by the end of the year.

Tower blocks set to win protection

Virginia Bottomley will today delight connoisseurs of 1960s tower blocks, when she announces that three classics of the genre in London - Centre Point, New Zealand House and Milibank Tower - are to he preserved in perpetuity,

George Parker writes. The national beritage secretary will agree that the three office blocks, which some architects have condemned as eyesores, should be given listed

huilding protection. Mrs Bottomley and ministe-rial colleagues will today announce decisions on 35 postwar buildings nominated by

English Heritage for listing. Others on the controversial list included a canteen in Dagenham, the CIS building in Manchester and the Heinz headquarters in Hillingdon. For the first time ministers

have taken into account the views of members of the public, about 2,000 of whom wrote to the department with their views on the proposed list.
Full details of Mrs Bottom-

ley's decisions were unclear last night, but senior officials said she would list three of the most contentious tower blocks in London because of their 'special architectural merit". Centre Point, the waffle-like tower in central London, will

be perhaps the most surprising choice. Built between 1961 and 1965 many believed it was completely out of scale with its

UK backs off EU recycling plan

Mr John Gummer, the UK environment sscretary, has backed away from adopting an industry plan designed to meet European targets on packaging recovery and recycling after complaints from companies in the sector that it was costly and unfair.

Packaging companies, meanwhile, have written to the department of the environment complaining that some of the UK's largest consumer products manufacturers - which back the plan - had used "strong-arm tactics" to persuade them to pledge support

The latest delay makes it increasingly unlikely the UK will have a scheme in place hy

the deadline of July next year. imposed by the European directive on packaging and packaging waste. The directive requires EU members to recover between 50 and 65 per cent of packaging waste annnally - rather than hury it in landfill sites - hy the 2001.

Mr Gummer had prepared to announce today that the government would adopt a revised version of an industry plan originally put forward in June. But he told a meeting of MPs on Wednesday he had become aware industry was split over the plan, and he was extending the consultation process. He has asked V-WRAG, the

industry body leading attempts to reach an agreement, to find compromise by the end of this month. However, many

involved in the process believe an acceptable compromise may not be found before Christmas. Packaging companies have complained they have been subjected to a concerted letterwriting campaign by consumer

products groups - pressing them to write to Mr Gummer

expressing their support for

the plan - organised by the Food and Drink Federation. the food industry body. Copies passed to the FT of letters addressed to packaging groups from three different food manufacturers all encourage this action. Two state copies of the packaging compa-nies' letters to Mr Gummer

should be sent also to them. The Food and Drink Federation confirmed yesterday it had encouraged members to write to packaging groups with a request to "clarify their position" on the plan, and emphasise the need for sgreement. But Mr John Wood, who deals with packaging issues at the Federation, said the letters

did "not represent undue commercial pressure". He said: "It is not unreasonable to clarify what position one's suppliers are taking." The so-called Shared Producer Responsibility plan, pub-

lished in June, gained broad support across the packaging chain. But government insisted the plan should be modified to impose recycling targets on individual companies, and split the legal and financial responsibility for meeting the European targets across the sectors of the packaging chain.

Clock change 'may happen in 1997'

Westminster Correspondent

The UK could move to West European time by the end of

Under parliament's arcane procedures, Mr John Brittefill, Conservative MP for Bournemouth West and a prominent sdvocate of moving Britain one hour forward to synchronise with neighbouring countires came top yesterday in the annual ballot for private mem-

bers hills. Usually up to the first six successful members stand a good chance of having their legislation adopted.

Many backbenchers put their name in the hat without hav-

ing a clear indication of which cause to sponsor. However, Mr Butterfill is among 160 MPs, solit evenly among the parties, who are backing the time

Mr Butterfill said he did not expect the government would block his legislation. "If I were s minister, given the opinion polls that show overwhelming public support for and the number of institutions on our side, I wouldn't try to stop it," he said.

He maintained his bill had nothing to do with EU harmonisation. "The last thing I want is for this to be portrayed as a Buropean measure. There are many more compelling arguments." he said.

Business groups say dealings with European partners will be greatly enhanced by synchronising times.

The Daylight Extra camign, which has been pushing hard for such a bill since a green consultation was introduced in 1989, said the measure bad privata support of the prime minister and senior cabinet colleagues. Publicly, the Home Office and its Labour shadow have adopted a "wait

and see" approach.

Mr Patrick Kerr, of Daylight
Extra, said the nama of the new time zone for Britain was immaterial. "If they don't want to be associated with Central European Time, it can be called anything else," be said.

He anticipated the most likely date for a transfer would be October 1997, when British clocks would simply remain on summer time and not return to Greenwich Mean Time. The following March clocks would go forward, as usual, resulting in

double summer time". Advocates say the reform would prevent road accidents and estimate energy savings of £200m and a further £1hn gained from additional tourist

spending. Opponents are likely to fall into three main categories: MPs with largely agricultural constituencies, many Scottish MPs, where darkness would be most pronounced in mornings, and hardline Eurosceptics.

British Gas in row over Sea contracts

By Peggy Hollinger

British Gas has sent a curt letter to North Sea producers in an attempt to renegotiate £40bn (\$62.4bn) worth of "take

or pay" contracts.

One supplier said the move was "heavy-handed". The letter says producers should not interpret payments made under the agreements as indicating that British Gas acknowledges the lawfulness of the contracts. The letter also hints that the company may seek to recover any sums paid under the terms of the contracts from October 1, should it decide the agreements are

unlawful. "BG intends currently to perform in accordance with the terms of the agreements," .the letter says. "However, BG wishes there to be no misunderstanding as to the basis on which it is doing so."

Payment "does not indicate any view or acknowledgement on the part of BG that such sums are properly payable or may not come to be recovered; does not indicate any view or acknowledgement on the part of BG as to the lawfulness or otherwise of the agreements or any of the terms of the agreements; provides no indication of any future steps BG may take in relation to such sums or in relation to the agree-

ments generally." The letter sparked indignation among many of British

Gas's suppliers. One, who said he understood that British Gas might be trying to protect its legal position if negotistions fail, said the company had taken a "very beavy-handed"

approach to the problem. Several suppliers have indicated that they are prepared to renegotiate the contracts as long as both sides benefit. Many are understood to feel that their duties to shareholders would preclude a straight renegotiation of the contracts at a lower price, which would be seen to benefit only British

This week, Mr Tim Eggar, energy minister, caused anger among suppliers with comments that both parties would have to share the pain.

British Gas yesterday refused to comment on the 1stter. It said only that the preferred way forward was to pursue discussions with its

British Gas wants producers to renegotiate the contracts because the onset of gas competition in Britain has altered the structure of the market. Under the long-term take or pay contracts, many of which were signed in the 1980s, Brit-ish Gas is obliged to pay for supplies it no longer needs at prices substantially above the market level. It has launched a strong lobbying effort with the government to bring pressure on its suppliers for renegotia**Brittan** parano noneta

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At the 1981 Petroleum industry & Nigerian Environment Seminar, it was agreed by the Government and oil producing company representatives, that a joint second-tier response body be set up to augment individual company's in-house spill response capability.

The following year, the eleven oil producing companies comprising NNPC, Shell, Mobil, Chevron, Nigerian Agip Oil Company (NAOC), Elf, Texaco, Agip Energy, Ashland, Pan Ocean and Dubri Oil Company, signed the Heads of Agreement setting up Clean Nigeria Associates (CNA) as a non - profit making voluntary association to combat oil spills inland and offshore of the entire Nigeria and its territorial waters.

Under the CNA, the members pooled resources calculated on the basis of their total production to purchase a large and comprehensive inventory of oil spill containment and clean up equipment including 4 seagoing Fast Resource Vessels. The members also engaged the services of an independent contractor through competitive bidding to manage and operate the Oii Spill Response Bases located in Port Harcourt, Warri, Calabar and Kaduna.

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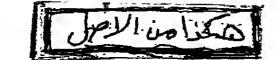
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NEWS: UK

'Power sector takeover probe hits shares

industry secretary, threw the electricindustry secretary, threw the electricity sector into turmoil yesterday by referring Natiooal Power's £2.8bn (\$4.36bn) takeover bid for Southern Electric and PowerGen's £1.9bn offer for Midlands Electricity to the Mooop-

olies and Mergers Commission.
The unexpected move caused share prices to fall across the sector, in spite of speculation that Southern and Midlands, two of the largest electricity supply and distributioo companies, may attract rival bids before the

Brittan attacks

'paranoia' over

monetary union

Some analysts suggested they might reactivate previous plans to merge

Analysts said a number of US companies might consider bidding for Midlands or Southern, but that prices of future bids might be affected by the

All previous bids in the sector have been cleared by the government, in spite of widespread calls for MMC referrals, leading to the assumption that ministers were relaxed about the restructuring of the industry.

the generation and supply of electricity in England and Wales which ment reference did not in any way preinvestigation by the MMC".

Professor Stephen Littlechild, the industry regulator, welcomed the decision to refer the bids which would reverse the separation of generation and distribution introduced at the time of privatisation. He said the Department of Trade and Industry, which cleared Scottish Power's bid for Manweh, was oot being inconsistent since Scottish Power had a limited share of the generation market in England and Wales. The Office of Fair Trading recommended that the bids

Mr Lang said the decision to make a deregulated domestic electricity marjudge the question of whether or not either merger might operate against the public interest. He added: "In general I do not believe that vertical integration is inherently objectionabla whether in the electricity industry or

However, in these two cases, the structural change proposed could have an effect on the development of competition in the industry.

The generators argue that under their ownership the two regional electricity companies (recs) would be much strooger competitors in the

ket after 1998. They also point out that the recs would represent a relatively small proportion of their generation. But Prof Littlechild said the MMC would have to consider bow the market share might develop and whether, by reducing the uncommitted market, it would deter oew

entrants into generation.

Labour, which had called for all the bids to be referred, said the decision was inconsistent. Mr Richard Caborn, Labour's competition spokesman, questioned whether the move was linked to the proposed privatisation of the ouclear generator, British Energy.

> export order books above normal over those reporting them

below normal was the lowest

More companies plan to

increase domestic prices over

the oext four mooths than

reduce them, but this is due to

seasonal factors, the CBI said.

Mr Sudhir Junankar, CBI econ-

omist, said: "Competitive pres-

sures in the home market coo-

firms to push up prices." Companies again said their stocks of finished goods remain

little in recent months.

tinue to restrain the ability of

more than adequate to meet

expected demand. The balance

of those reporting more than

adequate stocks has changed

But the CBI is more optimis-

tic about growth for 1997 - it

expects gross domestic product to expand by 2.8 per cent, with growth underpinned by strong

consumer spending and belped

by modest personal tax cuts

and a pick up in real earnings.

Manufacturing ontpot is forecast to grow by 2.8 per cent

since June 1991.

UK NEWS DIGEST

Major rebukes minister over royal comments

Mr John Major yesterday delivered a public rebuke to Mr Nicbolas Soames, the armed forces minister and friend of Prince Charles, for suggesting the frank television interview by the Princess of Wales was evidence of "paranoia".

Pressed by Labour MPs to discipline Mr Soames for usurping the prime minister's responsibility for constitutional matters Mr Major told the Commons at question time there would be

"no more comments" from the colourful minister.

A senior Downing Street official said the prime minister retained "full confidence" in Mr Soames's ability to do his job which gives him day-to-day control of the army, navy and air force. However, it emerged that the prime minister had told Mr Soames – a grandson of Sir Winstoo Churchill – not to say any more about the *Panorama* interview on Monday, in which the princess admitted adultery, cast doubt on the prince's suitability for the throne, and spoke of the royal bousehold as her "energy."

her "enemy".

Downing Street said the prime minister was oot told in advance of Mr Soames's invitation to comment sbortly afterwards on the BBC Newsnight programme, during which he said the princess had displayed "advanced stages of paramoia". Downing Street has tried in recent days to distance itself from the furore surrounding Mr Soames's remarks by insisting that the minister was speaking in a personal capacity as a friend and adviser of the Prince of Wales. Kevin Brown

BBC fears further cuts

The BBC increasingly fears that the government plans to reopeo its three-year financing agreement with the BBC World Service with the aim of making further cuts in the organisa-tion. An agreement covering the 1994-97 period was announced in November 1993 after oegotiations between the corporation and the Foreign Office.

The present settlement of £136m a year for broadcasting operations - £160m when capital projects are included - does not allow for inflation. As a result the BBC already estimates it will lose £10m in real terms over the three years.

The World Service, funded by government grant, has more than 133m listeoers worldwide. In 1993 408 MPs signed an early day motion protesting at threatened World Service cuts, the third highest total for EDM signatures in parliamentary history. In July, the World Service announced a number of programme cuts to meet the funding shortfall.

Raymond Snoddy

Chemical industry downbeat

The Chemical Industry Associatioo yesterday downgraded its forecasts for growth in the industry while attacking Central Statistical Office figures which it said were too unreliable to be useful at a sectoral level. Chemical output was expected to grow by 3.5 per cent in 1995, the association said, but the rise reflected the low level of output during the first half of last year, rather than any growth this year.

Since the first quarter, output had been flat, and it was expected to fall in the final quarter. However, a 2 per cent increase in output was expected next year, driven by export

There was also likely to be some acceleration in job-cutting, the association said. Unit labour costs had risen this year, with average earnings rising by more than 4 per cent this summer, against flat output.

Mr Ian Lang, the UK trade and

nies, may attract rival bids before the MMC reports by the end of March.

But Mr Lang said the bids by generators raised "competition concerns in be referred.

By Lionel Barber in Brussels

Monetary union in Europe is

"more than ever likely to hap-pen", Sir Leoo Brittan, EU

trade commissioner, said yes-

In a riposte to doubts expressed this week by Mr John Major, the prime minis-

ter, Sir Leon said Britain

should not be "lulled into a

false sense of security" that it

was slipping from the agenda.

In a speech in London to the

Federal Trust, a think-tank, he

dismisaed questions about

France'a capacity to join Ger-

He described as a "paranoid conspiracy theory" the argu-

ment proposed by Mr Bernard Connolly, the Commission

economist, who claimed in his

recent book that France's true

goal was to secure a more lax

Sir Leoo urged Mr Major not

to bow to pressure from Euro-

scentics to rule out participa-

tion in a single currency in the

lifetime of the next parliament.

deciding this issue prema-

turely. Indeed, our partners

would think us crazy," he said. Sir Leon also tackled Mr

Major's argument that the

launch of a single currency

would split the EU between "ins" and "outs" with unfore-

seeable political consequences.

There is no advantage in

monetary policy for Europe.

many in monetary union.

with each other.

uncertainty caused by the MMC refer-

Sir Leon said it did not mat-

ter whether all member states

were in the Emu core, oo the

outside, in the exchange rate mechanism, or outside. The

issue was to ensure that no

state could be accused of pur-

suing "beggar-my-neighbour" policies auch as competitive

The crucial determinant

should be whether all coun-

tries were pursuing responsible

macro-ecocomic policies

within a common framework.

This was the case at the

moment because all countries - including Italy and the UK,

outside the ERM - are follow-

ing convergence programmes

In London yesterday, six of the former Conservative Euro-

rebels met Mr Malcolm Rif-

kind, foreign secretary, to urge

a firm line at the 1996 Inter-

governmental conference,

They emerged saying they

what we had to say about the

However, they acknowledged

that Mr Rifkind had smoothed

ruffled feathers among Euro-

philes when he met 40 Tories

from the Positive European

group, angry at the tone of Mr

Michael Portillo's anti-EU

Robert Shrimsley adds.

dangers ahead".

under the Maastricht treaty.

devaluations.

Employers' organisation warns chancellor over 'give-away' Budget

CBI cuts 1996 growth forecast

By Graham Bowley,

The Confederation of British Industry has cut its forecast for growth oext year amid signs that manufacturers are gloomier about output growth than they have been for almost

two years. It now expects gross domes-tic product to expand by 2.5 per cent next year, revised down from 2.8 per cent, the CBI says in its quarterly economic. forecast, published

But it said that inflation is now less of a worry - it . expects the government to come close to its 25 per cent inflation target by the end of 1997 and predicts that interest rates will fall at the beginning. of 1996.

However, it warned that a give-away Budget next week could jeopardise the inflation target. If the government gives away more than the £3bn (\$4.68bn) it expects in Budget tax cuts, without making matching cuts in public spending, the CBI said that interest rates might have to rise, which might still not be enough to get inflation on target.

were "encouraged" by his response. One said: "He seemed to be taking on board Ms Kate Barker, the CBI's chief economist, said: "With the recent slower rate of growth now expected to persist over the next few months, inflationary pressures in the economy have lessened. The balance of risks points more to concern over weaker growth than over higher inflation." speech at the Tory conference. Ms Barker blamed the downManufacturers' optimism fades What is the level of order books

Percentage belance = those respondents reporting an increase minus Total order books

ward revision to next year's growth forecast on weakness in the construction industry as well as a slowdown in manofacturing output as companies begin to unwind their stocks of unsold goods.

Source: CBI Monthly Trends Enquiry

1988 88 90 91 92 83 94 95

But she warned that if the shake out in stocks by companies is more marked than expected, the economy could slow even more in 1996.

The CBI's latest monthly industrial trends survey for November, also published today, confirms that the manufacturing upturn has slowed in recent months with domestic and overseas demand for com-

The balance of manufacturers expecting ootput to increase over the next four moothe over those which expect it to decrease is at Its lowest since December 1993. the survey shows.

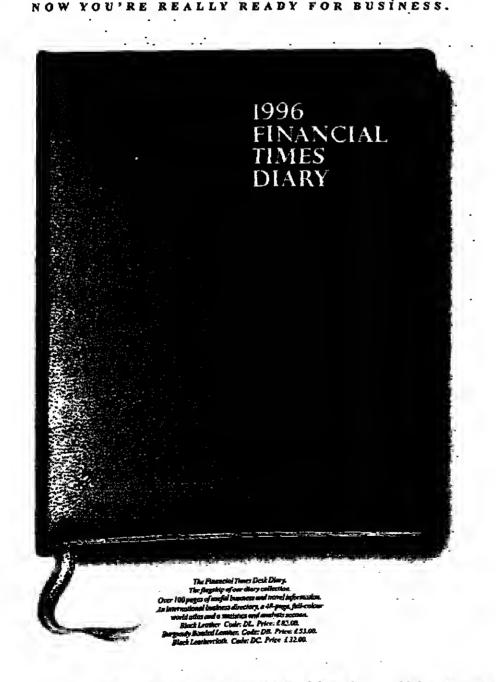
1988 89 90 91 92 93 84 95

Domestic demand for compa-nies' goods is at its lowest since March last year, while overseas demand continues to be less buoyant than it was earlier in the year. The balance of those companies reporting

in 1996, accelerating to 3.9 per cent in 1997. Manufacturing panies' goods slackening. investment, bowever, is expec ted to ease over the next two

years - after growth of 9.3 per cent next year, manufacturing investment is forecast to grow by 4.7 per cent in 1997.

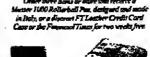
The CBI expects interest rates to fall to 6.25 per cent at the beginning of next year. Underlying inflatioo, which excludes mortgage interest payments, is expected to be 2.9 per cent by the end of 1996, falling back to 2.7 per cent by the end of 1997.



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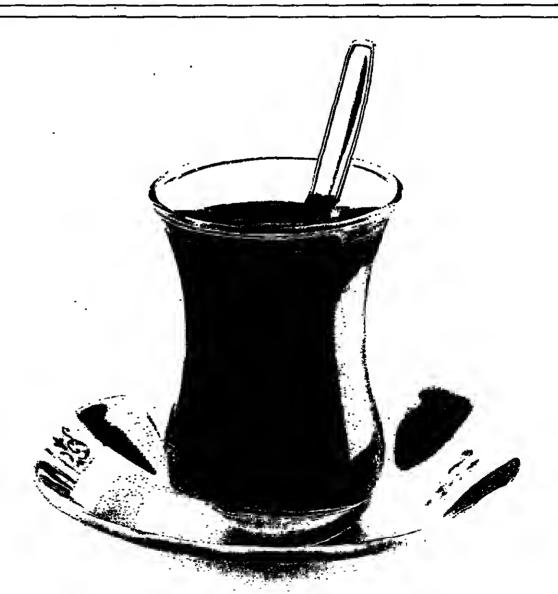
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When in

t has long been held that the best way for a foreign company to sell goods in Japan is to become an insider - to fit in, like it or not, with local business

But this is one of many Japanese management clichés thrown into question by the country's four years of economic stagnation.

Japan's Byzantine multi-layered distribution system, one of the costliest factors in selling goods there, is the area which has changed fastest - benefiting both foreign and Japanese companies.

The recent market changes represent important opportunities for US and European companies competing in Japan. No looger constrained by the need to behave like insiders, they enjoy a wider choice of strategic options." says a recent study* by McKinsey, the US management consultants.

A host of companies can testify to the truth of this. They have started selling direct to retailers and this, along with the yen's strength, has enabled them to undercut domestic competitors and gain a share of what used to be one of the industrialised world's most closed markets.

The most audacious challenge to the distribution system came last mooth from Monsanto, the US chemicals company.

After two years of painstaking risk analysis and preparation, its Japanese agrochemicals arm removed a layer of distribution in the delivery of herbicides to rice farmers and cut prices for its main product, Roundup, by 20 per cent.

This meant disturbing Japan's most complex and politically sensitive distribution system - it is a mainstay of support for the Liberal

Democratic Party. Steven Hayford, senior managing director of Monsanto Japan's agricultural group, admits that he will oot know whether the gambie has paid off until farmers start buying herbicides next spring.

But before the recessioo sharpened farmers' appetite for cheaper supplies, nobody would have dared even think of taking such a step. "Our staff here had always told us that Japan was different. We starting asking ourselves why."

says Hayford. Monsanto's US headquarters had been pressing for a rethink for years. It was impatient with its 30 per cent share of the Japanese market for non-selective herbicides. Roundup has 80 per cent of the mar-ket in other leading economies. The trigger for change came three

years ago when both of Monsanto Japan's main agrochemical distribu-tors - the first link in a five-stage delivery chain - said they could not meet their sales target because they were carrying excess stocks.

The company surveyed its customers to find out what had gone wrong. It discovered that the farmers knew less about Roundup's latest applications than farmers in other markets, that they wanted cheaper berbicides and that they wanted to continue buying from the two main outlets; retailers and agricultural co-operatives. Monsanto also realised that the distributors were choked with stock partly because it had been force feeding them, with incentives to buy.

he company concluded that it needed to shorten the chain between itself and the outlets to stay in touch with farmers' changing needs. Further discussions - 91 meetings in all - with the powerful Zenno, the national federation of agricultural co-operative associations, supported that view.

Monsanto decided to cut out the

two Japanese agrochemical company distributors at the head of the chain, which mainly repackaged Monsanto's products under their own names or used its chemicals to reformulate their own products. It also reduced the number of wholesalers from 360 to 60.

"They were very upset. They eveo went to complain at our US headquarters - and we went with them." says Hayford. But Monsanto's headquarters backed the Japanese office's decision to sell direct.

NO IT ISN'T THE MOLECULAR COMPOSITION OF OUR LATEST HERBICIDE - IT'S THE DISTRIBUTION NETWORK



As a result, the group faced legal action from the unhappy distributors for inadequate notice of termination of their agreement. The US company agreed in a Japanese court to pay undisclosed costs and

The other big cost was retraining half of Monsanto's 70 Japanese staff to switch from being office-based agricultural technicians to becoming travelling sales and marketing

The aim, achieved after a twoyear training programme which cost around Y35m (£220,000) was to create sales staff who could deal directly with the agricultural co-operatives and Monsanto's remaining wbolesalers. Twelve staff who felt unable to switch roles were replaced and helped to find jobs in other companies.

To motivate the staff, the company split them into 18 groups of three to five employees, each allo-cated hefty sales-linked bonuses. These ranged from Y500,000 to Y3.4m last year, when the new staff structure came into operation.

Monsanto also started rewarding wholesalers for laying on demonstrations of Roundup, and trimmed the exchanges of gifts and after-oons of golf which traditionally oil the wheels of the Japanese agrochemicals market.

The company is taking a great

risk, admits Heyford. "But, then again. I can't tell yoo how much fun

santo has at least not been boycot-

consolidation, as two links in the chain, the Zenno and its 47 prefectural offshoots, the Keizanren, have for years been debating a merger. Not surprisingly, Monsanto's

main competitors in Japanese agrochemicals, Zeneca of the UK and AgrEvo, a plant protection joint venture between Schering and Hoechst, the German pharmaceutical and chemical companies, are taking a close interest. Zeneca has opted to seek to maximise the henefits of the old system, while AgrEvo has gone for a mix of direct delivery and sales through Japanese agrochemicals producers.

The jury is still out on which strategy will work best in the long term, but one thing is clear: as McKinsey says, it is no longer received wisdom that when in Japan you have to follow Japanese business methods. *Cracking Japanese Markets, The

an estimated 5 per cent - evidence that, in spite of the legal fuss, Mon-

it has been." The new sales distribution strategy took effect last month after a year in which sales to farmers rose

ted by its customers. Hayford believes the distribution system was ready for some kind of

Tarmac and Wimpey are improv-McKinsey Quarterly 1995 Number 3.

The search for a better fit

Andrew Campbell and Marcus Alexander examine the importance of 'relatedness' between companies

The current round of corporate demergers is seen as a management fad by some. and a recognition of past blunders by others. It is not necessarily

Heralded by ICI's courageous demerger, and boosted by AT&T's recent decision to split into three. new logic is emerging.

This logic for corporate strategy cuts through discredited notions of "portfolio balance" and growth for growth's sake. It challenges the validity of "relatedness" between businesses as a sufficient justification for inclusion in the portfolio. It undermines many defnitions of what is "core". Most interesting, it recognises that what was appropriate in one phase of development can become

equally damaging in another. As this line of thinking gathers adherents, it is encouraging many of the world's best-known compa-nies to review their portfolios fun-

damentally.

Two recent decisions illustrate the new thinking that is emerging - Tarmac and Wimpey's swap and

3M's restructuring.
At first glance, the rationale for swapping the ownership of housing (to Wimpey) and quarrying and contracting (to Tarmac) is questionable. Housing and con-tracting offer few possibilities for making economies of scale, and market share leadership confers no great advantage. In quarrying, it is beneficial to be strong in one locality, but far less so at a national level.

So why has the commentary on this deal been so positive, and why have the shareholders pushed up the valoe of Wimpey by 20 per cent and Tarmac by 15 per cent? The answer lies in the growing realisation that corporate managers should only retain or acquire

businesses that respond well to the parent company's skills and culture. Synergy - the supposed benefits from grouping related businesses in the same portfolio -will emerge only if there is a fit between the pature of the businesses and the parent company's skills and culture.

By swapping their businesses

road building, its culture is dominated by the quarrying and contracting businesses and its chief executive has come np through this side. Wimpey's roots are more

firmly in house hailding. Moreover, bouse building and contracting are not natural bedfellows. The risks are different -land bnying versus fixed price contracts. The cultures are different – consumer market versus industrial market. The challenges are different - speed of construc-tion and cost/value management versus project negotiation, project management and customer rela-

By specialising at the parent company level, Tarmac and Wimpey are likely to achieve a better

Corporate managers should only retain or acquire

businesses that respond well to the parent company's skills and culture

fit between the needs of their businesses and the parent's skills and culture. Sharebolders and managers alike are axpecting this to result in better performance.

3M's restructuring is also best understood in the context of the new thinking about corporatelevel strategy. 3M has always been highly diverse, with products ranging from roofing granules to post-lt-notes. It is regularly lauded for its management quality, and is used as a world-famous benchmark in innovation.

3M's success has come from focusing on business niches where technical superiority makes it possible to earn high margins and invest in forther technical devel-

Over the years, 3M has built a complex management culture that decentralises to product divisions of a manageable size, gives techni-

cal directors a status they do not

have in other companies, pro-

ing this fit. Termac's roots are in motes technical sharing across divisions, encourages a close liaison between technical and sales personnel, and helps the hierarchy make the tough decisions about which developments to aupport and which to turn down.

David N

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ARTS

MISTI RDAVI

O. . .

So why has 3M failed to succeed in audio and video tapes, products they used to dominate and technologies they were world leaders in? And why is 3M demerging its data storage and imaging husi-

The answer lies in the misalignment that had developed between the priorities in these businesses on the one hand, and 3M's senior management skills, organisation culture and management philoso-pby on the other. 3M had become d parent for these businesses In the same way that ICI had

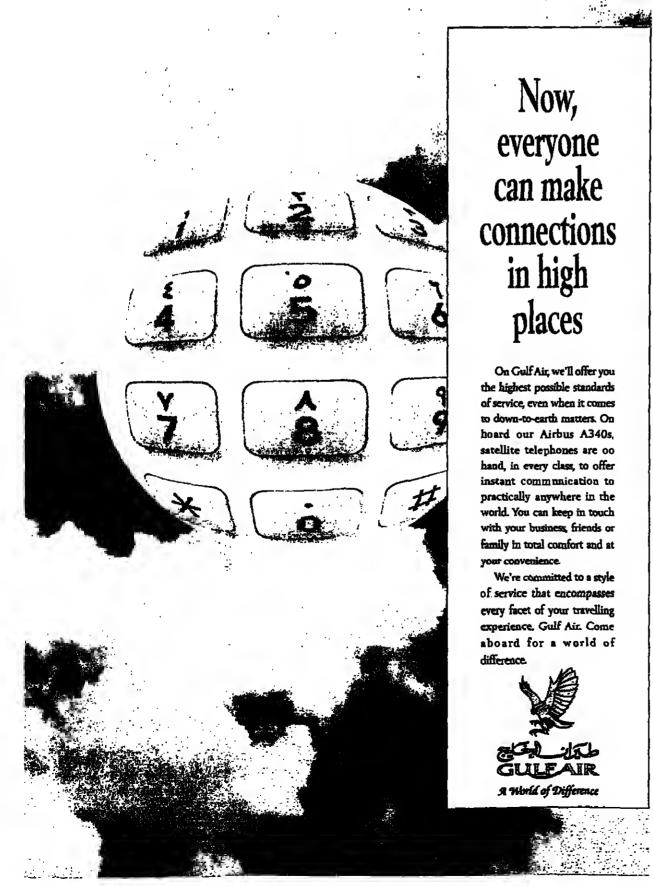
become a bad parent for Zeneca. The audio and video tape bushoess changed from being a niche market dominated by technical leaders to a mass market where manufacturing, distribution and selling efficiencies were the key to soccess. 3M is good at nurturing and supporting technically driven businesses: it is less good at giv-ing appropriate leadership to effi-

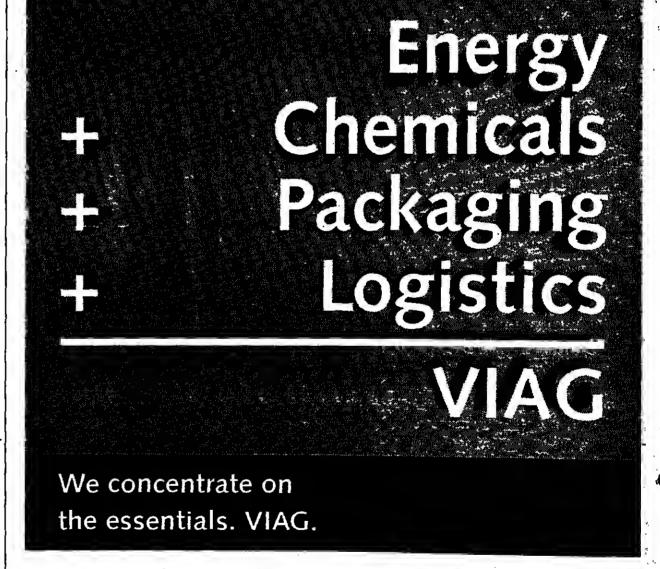
ciency-driven businesses. The data storage and imaging business also changed as it grew. but in a very different way. It is still a technical husiness, but the speed of technical change and the size of the technical investments have increased, calling for a faster paced, technical commitment than 3M is used to providing.

The new logic can therefore identify when business and parent are growing too far apart: ft would also have warned against attempts to unite Sony/Columbia or BAe/Rover.

Against the power of this new thinking, previous drivers of corporate strategy are buckling. The validity of balance, size, relatedness and sacred cows about what is "core" are being challenged. In their place managers are taking a cold look at the fit between their own skills and the needs of the businesses they command.

The authors are directors of Ashridge Strategic Management Centre.





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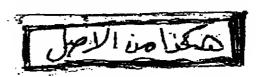
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> Energy Chemicals Packaging Logistics





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A the fee till feet ment

The state of the s

national press. As chance would have it, one of the possible candidates was in the pit for the company's newly-acquired production of Turandot on Wednesday. David Atherton has done sterling work in the 20th-cen-tury repertoire for ENO (none better than his electrifying Peter Grimes last season) and has a solid grounding in opera on his side. It was not surprising to find that his Puccini sounded 20th-century too. There was no comfortable cushion

sense of desperation when a post

like this is advertised in the

the rest of his life. His fluent gifts

of sound or sentimentality here; the music was spiky, aggressive, harddged. It was also very loud. Placing the

Exemplary tale of two cultures

David Murray on a unifying operatic enterprise in Belgium

es, there is a Flanders Opera, and it is worth knowing about. All seaproved ideally suited to film-scores, and they made his fortuna fast. Die tote Stadt, however, was soo long, the company travels with its guest wholly of its "decadent" fin-de-siècle time. Under a pseudonym, young Korngold and his prond father stars between Ghent and Antwerp. opening each new production in one city for several performances and then repeating it in the other. Their devised their libretto from a novel by the Belgian poet Georges Rodan-bach, a Symboliste like Maeterlinck, repertoire is both sensible and from whom Debussy got his Pelleas adventurous, their standards high: text. Rodenbach's Bruges-la-Morte was a study in symbolist fatalism. and at least for London opera-lovers those lively and attractive cities, In the museum-city of Bruges a proudly laden with visible history, young widower yearns after his lost Marie amid the foggy canals and are nowadays only a short hop the shadows, seems to find her again in the dancer Marietta, and has to live through a fantasy of

In effect, the Flanders Opera is the Flemish-Belgian response to the more famous French-Belgian "La Monnaie" house in Brussels. Until quite recently the histories of the aeparate Flemish companias in Ghent and Antwerp were chequered through heing too separate (not enough hudget for either house), and by their rigid traditions of singing everything in Dutch – which ruled out most foreign singers – or else in French, which annoyed the increasingly nationalistic Flems.

But they amalgamated in 1982, to promising financial effect; and by mist, water, arrested decay - for the early 1990s they agreed that every opera would be sung in its original language, No strain for the Flems, so many of whom acquire German, English and French as a matter of course! - and anyway there are always Flemish surtitles, sure for improbably long stretches. Flanders has the seasoned Ameriand regularly a new opera composed in their native tongue. The can tenor William Cochrane, who result is a strong, outward-looking strives manfally to keep up despite company, very consciously in coma heavy beat in the voice when the going gets tough. His Marletpetition with "La Monnaie", and ta/Marie - the same soprano sings both the dancer and the spectre - is whose best achievements may compare with the best of our Opera North and the Welsh National the American Cynthia Makris, bright and penetrating, if a touch

In Antwerp this week I heard them revive Erich Wolfgang Korn-The lower voices of David Pittgold's Die tote Stadt (1920), which man-Jennings and Ans van Dam for a time counted as an icon of serve admirably in the main second-"modern" Teutonic opera after Richard Strauss and amassed an ary roles, Paul's confidente and bousekeeper, and in the small lyriimpressive track-record. The great cal part of a Pierrot in Act 2 Mich-Maria Jeritza and Lotte Lehmann ael Kraus displays a lovely, reedy sang it with éclat, and Richard baritone. The Flemish choristers, Tauber too. It was the fourth stage including a band of children, are piece by its precocious, much-hyped fine, and so is the expanded orchescomposer (1897-1957) - who soon removed himself to Hollywood for

tra under Stefan Soltesz. piece gets a very decent run for its als.

rejection and murder to escape the

pull of his dead wife and the dead

The Flanders staging by Götz Friedrich, mostly faithful (but for

an extra murder) and unusually

literal, is a co-production with the Deutsche Oper Berlin. Andreas

Reinhardt has designed a grand,

gloomy Hammar-horror retreat

for the grieving widower Paul,

and a deathly vista of Bruges -

he role of Paul is a cruel challenge, for Korngold

seems to have expected

an heroic tenor who

could sing under pres-



William Cochrane and Cynthia Makris in Flanders Opera's 'Die tote Stadt'

money, and collectors at least will be glad to catch up with it. An ideal Tote Stadt cast would be nice, of course, but that would be hard to assemble these days: tenors, in particular, would be reluctant to risk their vocal cords for the sake of a few performances, for this opera is All in all, Korngold's Jush period- unlikely to enjoy widespread reviv-

Die tote Stadt really is a weird curio, full of practised Straussery the whispering divisi strings, the oracular hrass, the melting horn solos, a perpetual glitter of harps and glockenspiel: blander than Strauss when the chips are down, but grinding into irrational discords for spook-effects. It was

it ever was. In fact Hollywood was the natural destination for Korngold's talent, and he made the most

Further performances in Antwerp to December 2, theo in Ghent between December 9 - 20; the rest of this year's season includes Parsithought to be more "modern" than fal, Cost and Tippett's King Priam.

Apparently, ENO had hoped to

Opera/Richard Fairman

'Turandot' at full volume

extra brass in the royal box was enough to take a layer of paint off the ceiling, as Atherton coaxed his players to give their maximum decibels - and then some more - at the climax of each act. In the music of Turundot Puccini plays a subtle bal-ancing act, twisting heauty into pain as though they are two sides of the same experience. Here the opera seemed simply to be about surviving against overwhelming odds. even the chorus (on an untidy

night) facing a losing battle. The soloists have to give as good as they get. As Liu, Janice Watson faced the easiest task, being able to spin acrobatic high vocal lines on a sparkling thread of tone during the orchestra'a moments of calm. Andrew Greenan, though he sounds too youthful, sang well as blind, old

Timur. Roherto Salvatori. John Daszak and Anthony Mee were a well-knit trio as Ping, Pang and Pong. Nobody would envy a tenor the job of following in Pavarotti's footsteps with "Nessun dorma", but Edmund Barham trumpets his top notes proudly as he faces the princess's life-or-death riddles.

as there a look of ouzzlement on his face at that point? If not, there should have been, since this Turandot seemed to be posing the questions in a language unknown to man. A rather personal way with English vowels meant that the Austrian soprano Sophia Larson rendered most of William Radice's new translation unintelligible, though the

technique doubtless helped her to produce such a huge, Coliseum-sized sound. Letting fly a voice like a steel girder, she might fairly argue, is part of Turandot's joh

Downplaying her oear superhuman role is part of what Christopher Alden's production seems to. be about. At her grand entrance this Turandot walks oo looking like a repressed school ma'am who has found Freud in the sixth-form library and does not like what she has read. His central argument is obvious enough, but it is filled out with a lot of gratuitous detail. Why does Calaf have to undergo symbolic rape at knifepoint? Why does the chorus keep falling about emoting, when they would be far better off looking at the cooductor?

present the David Hockney-designed production staged in Los Angeles, a visually mesmerising but very static affair. Borrowing Alden's production, designed hy Paul Steinherg, from Welsh National Opera has yielded the opposite result. Set in a corrugated-iron bunker, it is intentionally unglamorous, hut by linking the cruel drama of Turundot with vari-ous unspecified totalitarian regimes of the 30th century, the production promises a dramatic life, which it fitfully delivers.

This is a popular opera that has waited far too long to join the reper-tory at ENO. Now that it has arrived, it has at least come in a performance that is determined to make an impact and shouts it at the top of its voice. To many people Turundot will he a fail-safe evening at the opera. If in doubt, he sure to take a pair of ear-plugs.

Performances at the Coliseum until January 16.

Concert/Stephen Pettitt

Purcell back in Westminster

Purcell Tercentenary Concert as the Purcell Tercentenary Show, live from the studio. It was impossible to see or hear properly the various groups of musicians scattered around the church. But Westminster Ahbey is some studio, and I rejoiced to be there. This was the day, after all, on which 300 years ago Henry Purcell died. This was the place where he worked as choirboy and organist, where he lies buried. And this was the eveniog, surely, wheo the nation finally acknowledged his greatness for good and all.

That it should do so in the context of a wide-ranging programme of British music that attempted to show a measure of Purcell's influeoce seemed right. The evening began with the splendid new Fairest lsle Fanjare, tinged with Purcellian harmooic stridency, by Jooathan Dove. There was the New London Consort, directed by the Abbey's Organist, Martin Neary, in Purcell's vivid incidental music for Aphra Behn's Abdelazer, which famously includes the music upon which Britten wrought his variations in The Young Person's Guide to the Orches-tra, played later by the BBC Symphooy Orchestra uoder Andrew

The fine Abbey Choir offered a taste of the music with which Pur-cell grew up - Orlando Gibbons's anthem "Hosanna to the Son of David" and William Byrd's "O Lord, Make Thy Servant", And Purcell's magnificent verse anthem "My heart is inditing" and Handel's coro-nation anthem "Zadok the Priest" showed how much the younger composer's sonarities owed to those of the older man. Quite what Purrell would have

arrangement of another verse anthem, "Jehova, quam multi sunt hostes", given by the the BBCSO, the BBC Symphony Chorus, organ and soloists Rohio Leggate and David Wilson-Johnson, is anybody's guess. Wilson-Johnson had earlier joined Catherine Bott, James Bowman (all in fine voice) and, in "Hark the Echoiog Air", the trumpeter Mark Bennett, in a group of four songs, the genre in which Purcell showed himself to be the Schubert of his day, master of private senti-

ment as well as public. Later, the same singer returned with the Nash Ensemble for the world premiere of a new work hy Sir Michael Tippett, the "Song for Caliban". This modest piece fits into The Tempest Suite, music recently extended and arranged by Meirion Bowen from incidental music Tippett wrote for the Old Vic in 1961 The fast and furious "Trumpet Tune with Boogie" made an effective introduction to the new song. a setting on a ground bass of the words "Be oot afeard, the isle is full of noises". The music is slow, the instrumentation magically aimospheric, the vocal line as eloquent as anything Tippett has penned, it was beautifully played and sung.

But the last notes of the evening had to be Purcell's. Bowman delivered the wonderful "Evening Hymn" with poignancy and impeccable control. There could have been no more appropriate, nor moving, a tribute to the man than this. possibly the supreme expression of leave-taking in all music.

■ My apologies to Flori Musicali, whom I failed to credit in my review of the St Ceciliatide Festival

Theatre/Simon Reade

Holocaust Trilogy

Theresa Stemer with grand dignity in Thereso, the first of Hampstead's New End Theatre's Holocoust Trilogy. A Viennese conservatoire music professor, Theresa is exiled to England after Kristelinacht, first as a scullery maid. then as a nanny. She escapes the Blitz for Guernsey but cannot retreat to mainland Britain when the Germans invade and is betrayed to the Nazis by the islanders.

This horror at the complicity of the Channel Islanders, prompted writer and director Julia Pascal to explore the systematic destruction of European Jews in this series of plays she revives. Her style often betrays the catalyst: unsynthesised primary source vies with dramatic fiction in A Dead Woman on Holiday, for instance, a love story desperately trying to hlossom in the context of the Nuremberg Trials.

Sophia Goldenburg (the beautiful, chic Claire Marchionne) reverts to her maiden name to advertise her Jewishness. She is thrown into an affair with a fellow interpreter at the trials, an American husband and father (grittily played by Kevin Farran). Both their worlds are shattered irretrievably while interpreting the atrocities, and they cannot find solace in their passionate affair. Overwhelmed by the horror, Sophia pleads "Hitler is dead, isn't

The simultaneous translators' cacophony is the best manifestation of Pascal's otherwise irritating Euro-pudding, repeating and over-lapping most lines in her plays in more than one European language. Another trick which works once or twice but palls when employed for

the Warsaw ghetto, plays
Theresa Steiner with great
dignity in Thereso, the the umpteenth time, is the cold blue footlights which cast Expressionist shadows on the back wall of the bare hlack-box stage. There is, however, a highly charged recurring sound-image of the death-rattle of a train shricking towards Auschwitz (designers: set, Thomas Kampe; lighting, Ian Watts; sound Colin Brown). Much of the acting delves deep into emotional truth. Left to their own devices, when not being swamped by theatrical ones, their stories have the cathartic effect of Greek tragedy.

This is true of The Dybbuk. Pascal places it thoughtfully in the Warsaw ghetto, the besieged Jews valiantly re-enacting their dramatic totem in a God-less world. She also. with nice lucidity, frames it within the present day: a contemporary girl says how she is haunted by "so many dyhhuks", the souls of Holo-caust victims. "I go to Germany and think Hitler won. Where is my generation?" - she sees no Jews on the streets of Germany 1995. The final image is harrowing; people walk towards us, peeling away as they are shot or gassed. It is some time before we can bring ourselves to applaud.

Pascal commands the loyalty of an international acting company. As an event the evening may disappoint - seemingly amhitious, the trilogy uses three separate casts rather thao ooe homogeoised ensemble. But the plays, seen individually, are an intensive, if hleak celebration of the streogth of humanity in adversity.

The Holocaust Trilogy plays in repertory at the New End Theatre. Hampstead, nntil December 10 (0171-794 0022).

INTERNATIONAL

■ AMSTERDAM

CONCERT Concertgebouw Tel: 31-20-5730573 Bekova Sisters: perform plann trios by Vaughan Willams, Brahms and Denisov; 8.15pm; Nov 27

BARCELONA

CONCERT Palau de la Música Catalana Tel: 34-3-2681000 Orquestra Simfónica de Barcelona i Nacional de Catalunya: with conductor Jan-Latham Koening and saxophonist Miguel Bofill perform works by Poulenc, Benejam and Tchaikovsky; 7pm; Nov 25, 26

BERLIN

CONCERT . Konzerthaus Tel: 49-30-203092100/01 Kammerorchester Berlin: with conductor/violinist Katrin Scholz and flutist Silke Uhilig perform works by J.S. Bach, Shostakovich and Vivaldi.

Concert in celebration of the 50th anniversary of the Kammerorchester Berlin, 7.30pm; Nov 27 Philharmonie & Kammermusiksaal Tel: 49-30-254880

 Philharmonische Streicher colleten: with pianist Ayumi ichino, violinist Toru Yasunaga and cellist Ludwig Quandt perform works by Richter, Mendelssohn, Tchaikovsky and Janácek; 8pm; Nov 26

BOSTON

CONCERT Boston Symphony Hall Tel: 1-617-266-1492 Boston Symphony Orchestrac with conductor Robert Spano and the Beaux Arts Trio perform Druckman's "Nor Spell nor Charm", Sibellus' "Symphony No.5" and Beethoven's "Triple Concerto for violin, cello, piano and orchestra"; 8pm; Nov 30; Dec 1 (1.30pm), 2

DRESDEN

OPERA & OPERETTA Sächsische Staatsoper Dresden Tel: 49-351-49110 Tristan und Isolde: by Wagner. Conducted by Christof Prick and performed by the Sächsische Staatsoper Dresden. Snlolsts include Walfgang Schmidt, Theo Adam and Sabine Hass; 4pm; Nov 26

DUBLIN

OPERA & OPERETTA National Concert Hall - Geoláras Náisiúnta Tel: 353-1-6711533 Opera Gala: with conductor Mark Armstrong, tenor John Hudson, soprano Virginia Kerr, bass Julian Konstantinov and special guests

Dun Laoghaire and the Choral Society. Performance of arias, duets, choruses and songs by Verdi, Donizetti, Gounod, Bolto, Gilbert & Sullivan, and others; 8pm; Nov 25

LAUSANNE CONCERT

Salle du Métropole Tel: 41-21-3122707 Orchestre de Chambre de Lausanne: with conductor Okko Kamu and trumpet-player Sergei Nakariakov perform works by Nielson, Hummel and Sibelius; 8.30pm; Nov 27, 28 (8pm)

■ LEIPZIG

OPERA & OPERETTA Oper Leipzig Tel: 49-341-1261261

Die Fledermaus: by J. Strauss. Conducted by Sieghart and performed by the Oper Leipzig and the Gewandhausorchester, 7pm; Nov 25; Dec 1 (7.30pm)

■ LONDON

Tel: 44-171-9604242

London Sinfonletta: with

cellist Anssi Karttunen and oboist

AUCTION Sotheby's; Parke Bernet & Co. Tel: 44-171-4938080 Impressionist & Modern Art Part I: highlight of the sale is Gauguin's "Femmes au Bord de la Riviere", which dates from the artist's first visit to Tahiti in 1891-1893. Also including works by Pissarro, Monet, Cezanne, Pechstein and Schleie; 7pm; Nov 27 CONCERT Queen Elizabeth Hall

Gareth Hulse parlorm works by Webern, Lutoslawski, B.A. Zimmermann, Donatoni and Salonen; 7.45pm; Nov 27 Royal Festival Hall Tel: 44-171-9504242 War Requiem: hy Britten.

Performed by The London Philharmonic, with conductor Franz Weiser-Möst, and The London Philharmonic Choir, conducted by Andrea Quinn. Soloists include Vivian Tierney, Anthony Rolfa Johnson and David Wilson-Johnson; 7.30pm; Nov 26 St. John's, Smith Square

Tel: 44-171-2221061 Weihnachtsoratorium (Parts 1, 2, 3 and 6): by J.S. Bach. Murray Stewart conducts the London Forest Choir and London Pro Arte Orchestra. Soloists include soprano Carys Lloyd Roberts, countertenor Robin Blaze, tenor John Bowen and bass Lynton Black; 7.30pm; Nov 26 St. Martin-in-the-Fields

Tel: 44-171-8398362 Mozart by Candielight: the Belmont Ensemble of London with conductor Peter Gilbert-Dyson. violinist Lucy Ellen Spencer and viola-player Ashan Pillai perform Mozart's Eine kleine Nachtmusik, Sinfonia Concertante for Violin and Viola, Symphony Nn.29 and other works; 7.30pm; Nov 25 Wigmore Hall Tat: 44-171-9352141 Shura Cherkassky: the planist performs works by Beethoven, Liszt,

Chopin, Tchalkovsky, Ligeti and Bach/Liszt; 4pm; Nov 26 THEATRE Cottesioe Theatre Tel: 44-171-6330880 Richard II: by Shakespeare. Directed by Deborah Warner, starring Fiona Shaw and David

Threlfall; 7pm; Nov 27, 28, 29 (also 1pm), 30 Olivier Theatre Tel: 44-171-6330880 Vnlpone: by Jonson. Directed by Matthew Warchus and designed by Richard Hudson, Festuring Michael Gambon and Simon Russell Beale; 7.15pm; Nov 27, 28, 29 (also 2pm)

■ MADRID CONCERT

Fundsción Juan March Tel: 34-1-4354240 Moscow Quartet: with pianist Eugenia Gabrieluk perform works by R. Schumann and J.S. Brahms; 12am; Nov 25

MUNICH CONCERT

DANCE

Philharmonie im Gasteig Tel: 49-89-48098506 Staatskapelle Weimar: conducted by Michail Jurowski, with planist Cyprien Katsaris, violinist Sebestian Gürtler and cellist Tatjana Vasiljeva, perform works by Beethoven, Haydn and Mendelssohn; 8pm; Nov 25

Natinnaltheate Tel: 49-89-21851920 La Fille mei gardée: by Héroid/ Lanchbery in a choreography by Frederick Ashton, performed by the Bayerisches Staatsballett; 8pm; Nov

■ NEW YORK

JAZZ & BLUES Blue Note Tel: 1-212-475-8592 Dava Stryker, the jazz guitarist performs with The Bill Warfield Big Band; 9pm & 11.30pm; Nov 27

PARIS CONCERT

Salle Pleyel Tal: 33-1 45 61 53 00 Orchestre et Chorale Paul Kuentz: with conductor Paul Kuentz perform Bach's Mass in B; 5,30pm; Nov 26 EXHIBITION

Musée d'Art Moderne de la Ville de Paris Tel: 33-1 53 67 40 00 Arnold Schoenberg, Regards: exhibition of 44 paintings and 29 drawings by the composer Arnold Schoenberg. Most of the works including many self-portraits - were made between 1908 and 1911; to Dec 3

■ STOCKHOLM CONCERT

Konserthuset Tel: 46-8-7860200 Filharmonikema: with conductor Tonu Kaljuste, the Filharmoniska Kören and the Hilliard Ensemble perform works by Pärt. Soloists

include countertenor David James, tenors Roger Covey-Crump and John Potter, baritone Gordon Jones and pianist Sol Lucia Negro. One nf the Partlestival performances; 3pm; Nov 25

■ WASHINGTON **OPERA & OPERETTA**

Opera House Tel: 1-202-416-7800 Der Rosenkavalier; by R. Strauss. Conducted by Hainz Fricke and performed by the Washington Opera. Soloists include Helen Donath, Jeanne Piland and Eric Halfvarson; 2pm; Nov 26

WORLD SERVICE BBC for Europe can be received in westam Europe on Medium Wave 648 kHZ (463m)

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17.30 Financial Times Business Tonight

Midnight Financial Times Business Toniaht

Poison pill

at Credito

From Mr Enzo Berlando.

Sir. In your Lex column

22), you complain about a

(Credit) and Carimonte

Credito Romagnolo (Rolo).

the basis of a staff report,

poison pill contained in the

"Credito Italiano", November

pact signed by Credito Italiano

Holding, main shareholders of

I should tell you that on the

same day Consob (the financial markets eupervisor), acting on

requested Credit to disclose the

terms under which Credit or

Carimonte would have the .

right to huy the other's Rolo

stake if holders of majority

poison pills, Consob can do

us, you would have realised

that Consob was willing to

oblige Credit to reveal such

Enzo Berlanda,

Rome, Italy

Via Isonzo 19/d.

president of Consoh,

Right move

etakes in Credit or Carimonte

As Italian law does not ban

nothing more. If you had asked

Italiano

Philip Stephens

A pantomime horse

The Conservative party and prime minister demand the politics of illusion from Kenneth Clarke in the Budget

Just a few days to wait now survey of British Social Attifor that great pantomime of tudes have reduced hudgets British politics, the most trivibefore and since to a hlur of ally solemn event of the parheadlines about the price of a liamentary calendar, the pint and a packet of 20. And nt when the economics no wonder. In the course of of delusioo collide with the two budgets in 1998 the Conpolitics of illusion. I speak, of servatives unveiled the largest course, of the Budget. Kenneth Clarke's package ever tax Increases during peacetime. Now, even before will set the seal on the most Mr Clarke gets to his feet,

balanced economic recovery of they declare themselves the the post war years. It will party of tax cuts. mark the final break with the So as the chancellor stands economics of boom and hust. on the quicksand of the Trea-It will win the Conservatives a sury's latest economic forefifth term. Or, if you stand on casts, forget the nonsense about his words deciding the the other side of the political fence, it will be the ultimate ontcome of the general elec-tion. Of course, if he signed up admission of failure. The recognition that after more than to the quick-fix economics of most of his party's backbench MPs, Mr Clarke could turn the 16 years, the Conservatives have nothing to offer save a few tawdry tax cuts. The votlikelihood of a Conservativa defeat into a certainty. But he won't. And as for winning the ers' response to such arrogant trickery will be to put Tony Blair in 10 Downing Street. election, he has no better idea Baloney, all of it. than you or I as to how the Think hack over those 16 my will perform during years. How many budgets

come flooding back into the

popular consciousness? There

was 1981. I suppose. Geoffrey

increases have since become

embedded in Tory mythology.

another of those interminable

turning points in the natioo'e

economic fortunes, It was

indeed an important moment,

though only because the gov-

ernment simultaneously aban-

doned the simple-minded

monetarism which wrought

such devastation during the

ories in Basildon and Burnley.

son miracle? Tax rates down

on the Welfare state, the Trea-

it could also afford to pay off

the national debt, house prices

in the stratosphere. Even if

memory, there are plenty

around who have still not shaken off the hangover.

AHWINAH 👀

One might have better luck

the next 18 months. It is clear that the recent slowdown is more pronounced than eeemed likely in the Howe's counter-cyclical tax summer. Weakening growth rates elsewhere in Europe, a feeble export performance, the slump in the housing market. and hesitant consumer confi-dence have all contributed. But it remains much too early to suggest that the economy is heading back towards recession. A cyclical pause is still the most likely explanation.

first Thatcher years. But this is hardly the stuff to stir mem-Left to his own devices, the chancellor would with 1988. Remember the Lawbe faithful to his to 40p and 25p, plenty to spend favourite dictum. sury so awash with cash that that good economics and the party is now a distant good politics are inseparable

But 1988 was the exception. The apathy and cynicism towards politics revealed once again in this week's annual

During most of the recovery personal incomes have been more or less frozen, the ready explanation for the absence of the so-called feelgood factor among the voters. But even without tax cuts, those incomes will start to rise over the next year. And if British exporters cannot sell into European markets when the pound is below DM2.20, then there is no hope for the econ-

omy anyway. In such circumstances, the sensible course is both orthodox and obvious. Mr Clarke should leave taxes and spending where they are and con-sider a cut in interest rates to underpin confidence in the recovery. After its humiliating interest rates climbdown in the summer, the Bank of England could hardly stand in the way. In any event, the Rank now seems ready to view the official 25 per cent inflation target as an average to be achieved over the lifetime of the cycle rather than one which must be hit at a

single point two years' hence. Here, I admit more than a sneaking admiration for Mr Clarke. He is no Treasury technician and he seems bored hy the intricacles of macroeconomics. But he brings a profound and solid common sense to a government more accustomed to running scared of its own shadow. Left to his own devices, the chancellor would he faithful to his favourite dictum, that good economics and good politics are inseparable.

But his party and his prime minister demand the politics of illusion. Taxes must be cut, and somehow in a way which re-establishes the Conservatives' claim to represent the family and the homeowner. The No 10 policy unit is awash with expensive wheezes to put money in the pocket of each and every disgruntled Tory. If the financial markets will not tolerate a big rise in borrowing (and they won't), then the room must be found through lower spending and creative

《大学》

I guess that Mr Clarke has rejected out of hand the wilder demands. He has his self-respect. So he will not propose on Tuesday to enshrine in legislation a multi-year programme of tax cuts. Unless ! have completely misjudged him, neither will he listen to those demanding that the taxpayer finance another housing boom by increasing mortgage interest relief. His borrowing target will be higher than it need be, but not so high as to threaten compliance with the Maastricht criteria for a single

currency. That may yet leave room for lower interest rates. So the tax cuts (end a net reduction of £2hn-£3hn is a safer bet than the £5bn mentioned hy some) will be paid for on what used to be called the never-never. The Treasury will dismantle what remains of the public sector's capital expenditure programme. New roads, hospitals and schools will be built henceforth under the private finance initiative.

The so-called PFI has been landed by politicians of all parties. Gordon Brown, the shadow chancellor, seems even keener than Mr Clarke. In essence, the scheme provides for private contractors to meet the initial hill for a new by-pass or operating theatre and for the taypayer to repay the debt over the following 10, 15, or 20 years. But crucially, none of this shows up in the government's balance sheet. Unsurprisingly, Treasury mandarins are as appalled as the politicians are enthusiastic about the poten-

tial it provides to promise the voters something for nothing. But all are apparently agreed that the electorate can be bought by putting a few extra pounds in their wallets. Mr Brown did not wait for Mr Clarke to speak before promi ing that Labour too would be ready to cut income tax. The Conservatives promise a 20p basic rate of income tax, New Labour offers a 100 starting rate. It is, we are told, good politics. No wonder the voters

The DAWN of a New Partnership

LETTERS TO THE EDITOR.

Number One Southwark Bridge, London SE1 9HL

. We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to fine) e mail letters editor oft.com Translation may be available for letters written in the main international languages.

Effective resistance

From Mr Gerouse Contell Sir, It has been my privilege for several years to be the custodian of the official files of the UK Special Operations Executive, the organisation set up to encourage, train and supply resistance in occupied Europe. This is an access which it is no fault of Paul Abrahams that he does not share. That such incidents as he cites in his article ("Bitter memories of the Resistance", November 11), did take place that such opinions were held, is not to be denied.

The experience of war intensifies human nature in all its aspects. To conclude that this is all, or for the most part what the resistance amounted to is a travesty of the truth. The military value of the resistance in holding up German divisions that were trying to reinforce the Normandy invasion, in pinning down on the Italian frontier those trying to cut across the lines of the Allies invading from the south, and in liberating many areas of France, was assessed by General Eisenhower as having shortened the war by six

months. It could not have been achieved without a movement in which, over many anxious years, bravery, self-sacrifice and supportive consent far outweighed the tawdry exceptions which this article seeks to present as its dominant characteristic. Gervase Cowell. SOR adviser, Foreign & Commonwealth

Office, Old Admiralty Building, London SWIA 2AF, UK

World community must act on Nigeria

From Baroness Williams of

Sir, in the continuing discussion about whether or not there should be a boycott of Nigerian oil exports following the execution of Mr Ken Saro-wiwa and his colleagues it is important to remember that other distinguished Nigerians including the former head of state, General Obasanjo, are

still very much at risk. It is therefore important to announce soon measures the international community would agree to take in the event of any further such

actions in Nigeria. There is still, regrettably, disagreement about an oil boycott. Surely all Nigeria's trading partners could at least agree to confiscate personal accounts held overseas by Nigeria's ministers and of the president if that were to happen. It is crucial to act soon.

Shirley Williams, public service professor of electoral politics. Harvard University, John F. Kennedy School of 79 John F. Kennedy Street, Cambridge, MA 02138, US

Robust insurance response

From Ms Marie-Louise Rossi. Sir, May I assure readers that the London international insurance and reinsurance market is responding robustly and with success to the challenges outlined in your article ("Insurers in a risky position", November 20).

The non-marine insurance and reinsurance companies, which London Insurance and Reinsurance Market Association represent eccount for some 60 per cent of this market which, far from contracting, has attracted several new participants this year. Furthermore, many of the 100-plus members, as well as announcing increased profits, have raised their capitalisation or taken other steps to increase the amount of London business they do. Two independent reports this year

premier international insurance market

You rightly point to the need to reduce the industry'e cost base. This is one reason why the association decided in principle to open its membership to underwriters throughout the EU and Switzerland, and its systems to business produced by European brokers. This will have the effect of using London's lead in IT to achieve further economies of scale and to ensure we remain a focal point for the industry

chief executive, London Insurance and Reinsurance Market Association, The London Underwriting Centre, 3 Minster Court,

Marie Louise Rossi.

London EC3R 7DD, UK

from Bank 24. I hasten to add

that my past experience with

on tips From Mr J.C. Woodhouse. Sir, The Earl of Bradford'a

proposal to eliminate restaurant service and other extraneous charges is a long-overdue breath of fresh air ("Earl's restaurant bill aims for tip-free tab". November 22). Such a practice does not exist in France where general restaurant service standards are among the best in the world. The reason for this is partly cultural, but partly because legislation in France ensures that the proceeds of such charges are distributed

among all relevant staff. Such legislation should be part of the Earl of Bradford's

J.C. Woodhouse, 14 Bourg de Four.

Postman speeds link to German direct bank

continuing role as the world's

have confirmed London's

From Mr Andrein Lockhart Sir, Being an Englishmen in Frankfurt, I was rather overwhelmed by finding that Bank 24, the direct bank launched by Deutsche Bank, is as efficient and reliable in opening client accounts for retail customers via mail as one might expect from a

German bank, Rather than having to make my way to the local post office, as your Observer suggests ("Don't call us" November 21), the postman came to my home to confirm identification and residency. Hence, it took just 10 days from applying for an account.

First Direct, Midland Bank's telephone banking subsidiary, in the UK was far less positive. Andrew Lockhart Im Trutz 55. 60322 Frankfurt, to receiving full documentation

Technology and the changing nature of higher education the challenge is not the use of

From Prof Chris Hutchinson. Sir, Michael Prowse ("Endangered Species". November 20), rightly challenges current recurrent expenditure oo all forms of education using the work of Perelman as a basis for his article. Perelman suggests that a significant up-front investment in new technology is needed if edocation is to neet its customer needs. rechnology is only one part of the answer. As I have discovered through Southamptoo Institute's MBA course using computer conferencing via the Internet.

the technology but the changes which the change in learning brings to the pedagogic Just as we have moved to

providing education to homes and offices around the world so too will competitors have the opportunity to challenge higher education providers in the UK. With such challenges the

very nature of higher education will change. There is however little evidence that governments or academics have fully understood the notential impact that such

challenges will have on structures and systems that have remained relatively unchanged for far too long Higher education will in the

future be assessed by certification of competency and not hy attendance. I hope that education policy and educators accept the challenges rather than become tomorrow's dinosaurs.

Chris Butchinson, director of corporate Southampton Institute. East Park Terrace, Southampton SO14 0YN

From Mr R.R. Whitehead. Sir, About the time this university was starting up printing was introduced into Europe. No doubt some prat of the time went about saying that, since anyone could now buy a book, the universities were finished.

21.3

Michael Prowse is confused by the differences between education, ability, and knowing lots of facts, or he pretends to be.

R.R. Whitehead. Dean of the Faculty of Science, The University of Glasgow, Glasgow G12 8QQ, UK

Marketing · Shiraz Sidva

An Indian campaign

Liberalisation in one of Asia's largest markets has

led to an advertising boom

When Kellogg's lannched a breakfast cereal in India last year, it had to create a market here practically none existed. Few Indians eat cereal for hreakfast, but the US food pant was prepared to spend Rs15m (£276,500) on advertising

in the first five months to con-

vince them to change their food habits. India's economic liberalisation programme, which began in 1991 after a severe financial crisis, has offered huge potential to foreign investors.

The country's advertising industry, which has grown at a steady pace of 20 per cent each year since 1991, has registered 35 per cent growth this year, with billings of more than Rs40bn Analysts predict that hillings will reach Rs100hn hy the turn of the century. Hindustan Thompson Associates (HTA), a subsidiary of J. Walter Thompson of the US and india's largest agency, says that more than half its billings of Rs3.75bn this year came

from new clients. International brand rivals such as Coca-Cola and Pepsi, and Ariel and Surf are slug-ging it out through multi-mil-ion rupes advertising campaigns. "Nowhere is the impact of the government's liberalisation programme more evident than in the advertising industry," says Mr Rajiv Agarwal,

managing director of Nexus
Equity, a small but high profile
Bomhay-hased advertising advertising agencies
tional advertising agencies

agency.

The new scenario is so competitive that companies are forced to increase their advertising hudgets," says Mr Ran-jan Kapur, managing director of Ogilvy & Mather Advertis-ing, a subsidiary of Ogilvy & Mather Worldwide. He points out there are 80 brands of soap

oo the market. While multinational clients account for a substantial amount of the industry's growth - 50 per cent of HTA's clients are multinationals and multinational clients make up nearly 35 per cent of O&M's total billings of more than Rs2bn this year – Indian com-panies are advertising more

"With increasing competi-tion from international brands, Indian business has inevitably grown dramatically," says Mr Agarwal. "The absolute numbers heing spent by some Indian companies on advertising would create ripples on any giobal balance sheet."

Some international agencies are choosing to enter the Indian market alone - foreign agencies are allowed to set up wholly-owned Indian subsidiaries. But increasing numbers are opting for Indian partners as a way to enter one of Asia's largest emerging markets.
"Multinationals launching

global brands in a atrange country seek a sense of famil iarity and sometimes prefer to deal with one agency worldwide," says Mr Kapur. At the same time, many

tional advertising agencies belps them improve their management and generate more hillings

Top agencies (80 per cent of the business is controlled by India'e 30 largest agencies) have tied up with some of the higgest names in international advertising. They include J. Walter Thompson Lintas Worldwide, O&M Worldwide, the Lowe Group, D'Arcy Masius Benton and Bowles, Cordiant (formerly Saatchi and Saatchi), Bozell, and Dentsn Young and Rubicam.

"Up until now we have resisted an equity relationship because we feel very strongly that a partnership needs more than common business to link it," says Mr Mohammed Khan chairman and creative director of the Rs450m Entarprise Advertising which tied up with the UK-based Lowe Group in

"The very fact that agencies Advertising is finding that it cannot compete with multinationals.

foreign banks and financial institutions

the country."

are exposed to international partners and to different ways of approaching marketing and advertising problems leads to new standards of creative excellence, says Ms Roda Mehta, director of interna-tional client servicing at O&M, whose clients include Sea

gram'e and British Airways.

Ms Mehta points out that international agencies benefit from their association with Indian agencies too. "We create entirely new campaigns for some products like food, which is one category that is very different across the world."

Mr Walter Saldanha, chief executive of Chaitra Leo Burnett, says: "The higgest reason for the tie-ups remains the increase in volumes of husiness. Most multinational agencles bring with them the experience of launching the product in many countries, so why reinvent the wheel? But tie-ups do not automatically guarantee business

The speed of the growth is causing some problems. "There is a tremendous dearth of talent and just not enough years of experience, says Ms Mehta. Advertising, which was until recently one of India's bestpaid professions, ie finding that it cannot compete with multinationals, foreign banks and financial institutions to

retain the best marketing professionals. "Our higgest challenge is managing growth, not grow-ing," says Mr Kapur. "It is important for us to develop the talent to manage that growth, and ensure that they stay in

Through the hard work and dedication of its people. Korea has achieved remarkable economic procress in a considerably short period of time. The same is true of Korea's private enterprises. People working night and day. Investing in the future. In whatever industry. They built, and companies grew, some into conglomerates. The Hanwha Corp. is the parent company that

built the Hanwha Group into one of the ten

leading conglomerates in Korea. And the

Hanwha Corp. is coming to Europe.

ΝŽ

Do You Know: Who Are We?

Do You Know: What Do We Do? The Hanwha Corp. began in the explosives, machinery and construction industries, but its business domain has grown. Indeed, the company's growth has outpaced

even that of the Korean economy in the past 40

Besides explosives, machinery, and construction, the Hanwha Corp., also operates activities in electronics, communications, pharmaceuricals. trade, and foods. In terms of region, it is expanding not only into Europe, but also in Asia, North and South America.

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Do You Know: What Do We Want?

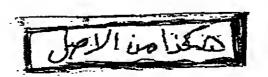
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FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Friday November 24 1995

Slow crawl towards Emu

The pupils are making progress, but abould try harder. These are the conclusions of the beadmasthe conclusions of the European terry reports from the European Monetary Institute (EMI) and the European Commission oo the convergence efforts of the European Vergence efforts of the European Union's member countries. Fundamentally, however, the reports are

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optimistic. They are right to be so.

How can that be so when only
two countries — Germany and
Luxembourg — meet all the criteria today? The answer is that a number of countries are very close. One, Ireland, has already been accepted, notwithstanding a ratio of public debt to gross domestic product of 86 per cent. On unchanged policies, forecasts the Commission, all members. except Greece, have at least a reasonable chance of meeting the inflation criteria by 1997: 11 have already made it. Eight should meet the fiscal deficit criterion of 3 per cent of GDP, while five more should be within 2 percentage points of that goal. Twelve should also have ratios of public debt to GDP of below 80 per cent, which is

lower than Ireland's is today. Now that the French government has set its course towards fiscal discipline, Emu could well be agreed in 1998. But much depends on how painful this discipline will prove. That depends, in

turn, on economic growth. The EMI's approach to this issue is just what might be expected of central bankers. It insists that "a

successful rebalancing of public finances will require determined action over a sustained period" but also that "credible fiscal con-solidation would over time more than offset possible short-term contractionary effects by leading to lower interest rates".

This might even be true. Four of the five largest EU countries France, the UK, Italy and Spain suffer from fragile monetary credibility and could be helped by successful efforts to enhance it. France, for example, has reduced its interest-rate differential on 3-month money vis à vis Germany from 3.4 to 1.6 percentage points just over the past month, while the long-term differential has

shrunk by 0.3 percentage points.

Meanwhile, the fifth and mightiest – Germany – is more likely to loosen its monetary policy than tighten it. It has already done so twice this year and, given Ger-many's slow economic growth, modest inflation, sound fiscal position and negligible monetary growth, could soon do so again. The Commission has reduced its forecasts for economic growth in the EU to only 2.7 per cent this year. But it could well re-bound.

The EU's structural economic problems, notably high unemploy ment, have not disappeared. But the clash between satisfactory economic performance and fiscal stabilisation now looks manageable Emu is conceivable. It would be

Oftel versus BT

Oftel, the UK telecoms regulator, is right to argue that it faces a problem. A decade after liberalisation, British Telecommunications still controls 97 per cent of cus-tomer lines. Oftel and many of BT's rivals complain that the rules do too little to stop BT acting unfairly to retain market share.

At present, BT's licence bans specific types of anti-competitive behaviour, as well as the of "undue preference and undue discrimination". But new entrants say that these clauses and general competition law do not cover actions such as predatory pricing. delay hy BT in negotiating the terms of access to its network, or short-notice changes in such terms that upset rivals' business plans. Moreover, they complain that UK laws, unlike European ones, have limited deterrent effect, as they do not impose penalties on companies deemed to have acted

anti-competitively. These ahortcomings make action desirable. But no solution is easy. The strengthening of the regulatory regime which Oftel has promoted for the past year, and which it aired yesterday at a public bearing, is particularly problematic. Oftel wants to insert in BT's licence an all-purpose clause banning BT from acting in an anti-competitive manner. The definition of anti-competitive would depend on Oftel's discretion. Mr Don Cruickshank, Oftel's

director-general, is right to hold

that the speed of change in tele-coms warrants more flexible and faster regulatory tools than other markets. He is also right to remind ministers that if the UK adopted European principles of competition law into domestic legislation, as many companies urge it to do, some of what he requests

would be unnecessary.
But so far, he has not answered entral powerrul obj that his plans would grant one individual too much power to intervene in the market. As BT rightly argues, this would subject companies to an unacceptable

degree of uncertainty.
Oftel will begin statutory consultation on its plans next month, and publish guidelines on its interpretation of anti-competitive behaviour. At the very least, the guidelines should be detailed. Oftel must also make clearer than it has yet done whether it would be prepared to be bound by prece dents, and should discuss an appropriate appeals procedure.

If BT still objects, the issue will pass to the Monopolies and Marg ers Commission. A ruling in BT: favour would end the dispute, at least temporarily - but not solve the problem. BT should he warned: if regulatory solutions fail, the attractions of radical structural reform, such as break ing up BT into network and ser vices, would increase. Imperfect as Oftel's proposals are, BT should not dismiss them out of hand

Help Nigeria

The urge to punish the Nigerian military regime for the execution of Mr Ken Saro-wiwa and eight other community activists is understandable. But the wisdom of some of the remedies proposed

is at best debatable. The executions, outrageous though they were, do oot warrant the suspension of the country's liquefied natural gas project, to be built by a consortium led by Shell. It will not come on stream for several years. It will burn some of the gas now flared, responsible for a number of today's environmental problems. Should it be delayed. an important foreign exchange earner for a future democratic government could be set back for

Nor do the executions provide the United Nations with grounds for oil sanctions. Nigeria is not a threat to its neighbours, as South Africa clearly was. And it is different in another way. It is polarised between the mainly Moslem north and the largely Christian south. The predominantly northern army-backed elite relies on political power for the patronage which provides economic rewards. An oil embargo risks destabilising an already fragile state, whose weak and fractious opposition has yet to

find common cause. Helping the opposition resolve its differences should be part of the role of the eight-country min-isterial group established at the Commonwealth summit in Auckland, and which includes Britain

and South Africa. It can belp do this by convening a preliminary conference, held outside the country, of opposition

leaders. Chief Abiola, the detained winner of the aborted 1993 presidential election, can play a crucial part by giving such a conference his blessing, and walving his claim to office.

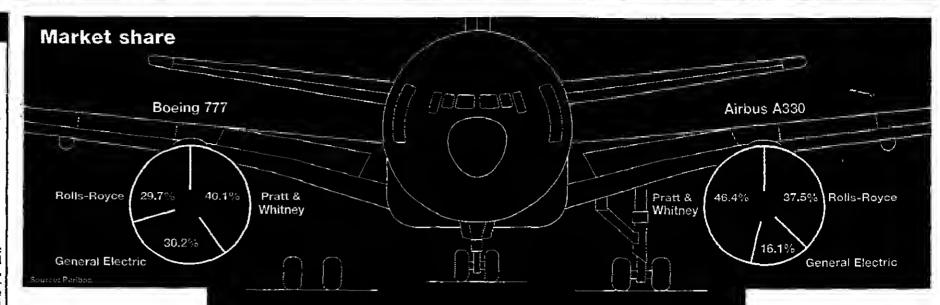
Meanwhile pressure can be maintained on the regime until It agrees to participate in talks leading to an early return to democ racy. Measures short of an oil embargo, such as the visa restrictions and the arms and spare parts embargo now in force should be employed. The feasibil ity of seizing assets held abroad by senior officials of the regime

should also be explored. Nigerians must also be offered hope for the future. The country's axternal debt is approaching \$40bn, and repayment arrears are mounting. Saddling a new government with this burden will under mine democracy. Creditors should table a package of radical and substantial debt relief proposals, conditional on an IMF approved economic reform programme, and on the presence of external monitors in the oil and finance ministries

and the Central Bank. Meanwhile the army must be encouraged to take part in the negotiations through the offer of a demobilisation fund which would help retrain soldiers who wished to return to civilian life, and golden handshakes abould be offered to senior officers otherwise tempted to remain in power to enrich themselves.

Nigeria's problems are suscepti ble to no quick fix. The country will need international support and assistance long after outrage

COMMENT & ANALYSIS



Bob Wolfs never under-estimated Rolls-Royce's determination to take one of his best cus-tomers away from him. "Rolls had their backs to the wall," says Mr Wolfe, head of the large aircraft engine business at Pratt & Whitney, the US manufacturer.

But Singapare Airlines' order this month for 157 Rolls-Royes Trent engines to power its Boeing 7778 still shocked Pratt & Whitney. Singapore, previously a loyal Pratt customer, had never bought a large

Rolls-Royce engine before.

Mr Wolfe called his staff together and told them it counted for little that they had built one of the most sophisticated machines in the world. All the airlines cared about was price, and Rolls-Royce was prepared to accept the lowest.

The world's three leading aircraft engine manufacturers - Pratt & Whitney, Rolls-Royce and General Electric of the US - are fighting furiously for orders from airlines still reluctant to order aircraft after the worldwide recession.

The two US manufacturers believe the industry cannot continne spending hundreds of millions of dollars on developing new engines only to sell them at knock-down prices. In developing future engines, they say, they might have to set aside their rivalry and make them together. Rolls-Royce is more reserved

about the idea of collaborating, preferring to savour its recent victory. The UK company knows how Pratt & Whitney feels: four years ago British Airways abandoned Rolls-Royce, electing to buy engines for its Boeing 777s from GE. Analysts believe BA agreed to buy from GE because the US company was purchasing BA's engine overhaul husiness in south Wales.

Rolls-Royce ever since. Why should we buy your engine, customers asked, when even your national airline does not want it? There were persistent rumours, always denied by Rolls-Royce, that it would have to merge with Pratt & Whitney.

The order from Singapore, one of the world's most profitable and respected airlines, will still any airline doubts remaining from the BA defeat. It is also likely to ensure Rolls-Royce's independence into the next century. "There's no question this remains a three-horse race beyond the end of this decade." says Mr Chris Avery, an analyst at Paribas Capital Markets.

Mr Avery says there would have beec little point in Rolls-Royce merging with another company even before the Singapore order. The only reason for merging would be to save money on engine develcoment. But the three large manufacturers have already spent millions developing engines for the new generation of twin-jet widebody aircraft: the Airbus A330 and the Boeing 777.

Rolls-Royce will not say how much it spent on the Trent, but it is believed to be more than £500m.

On a wing and a prayer

The big three aircraft engine-makers are fighting a cut-throat battle for scarce orders, says Michael Skapinker

Pratt & Whitney has so far spent ual contracts and whether they \$800m on its PW4000 engine series. GE spent \$1.5bn creating its GE-90 engine for the 777.

While it is unlikely to fall victim to a takeover from one of its direct competitors, Rolls-Royce is still at a disadvantage to GE and Pratt & Whitney, which are part of far big-ger industrial groups with greater financial resources. It has to compete against them in a market in which profits are difficult to find.

Rolls-Royce's competitors are convinced that it gave huge discounts to Singapore on both the engines and future spare parts. One aerospace executive says: "It wasn't an order they could afford to lose. They took a considerable loss upfront on the sale of the engines and gave concessions on the spares. It will be many, many years hefore they make mooey on the deal."

Rolls-Royce does oot explicitly deny these rumours. The group says it makes money on selling aircraft engines overall but adds: "Wa do recognise that some competitions are more aggressive than others. We never comment on individmake money or not." Rolls-Royce says it does not believe price was the deciding factor in the Singapore competition and that the airline was more interested in the Trent's superior technology.

Analysts are sceptical about this version of events. "No one of the three holds an decisive advantage on technology," one analyst says. Past events have demonstrated that factors other than price can play a role, as shown by the resistance Rolls-Royce encountered after it lost the BA order. Mr Vince Di Glovanni, market development director at GE aircraft engines. admits his group had to spend a lot

Price, however, remains the most important negotiating point. While aircraft purchases this year will be higher than in 1994, there are still few huyers. Boeing, the world's largest aircraft maker, has attracted close to 300 orders this year, com-

pared with only 120 last year.

the GE-90 engine ran into technical

problems - now resolved - during

But this is small compared with the nearly 700 orders Boeing won in 1989. Boeing does not believe aircraft orders will pick np substan-tially until well into the next century. Until then, airlines will be in a strong position when negotiating prices for aircraft and engines.

Engine-makers have another difficulty: their products have become too reliable. The three big manufacturers used to be happy to give discounts on engine sales, knowing they would make their profits by providing spare parts. Today. engines require fewer spares.

Rolls-Royce says engines used to have to be taken off the wing for a full overhaul every three or four years. They now have to be taken off every six or seven years. Aircraft engine companies used to compare themselves to razor manufacturers who sell razors cheaply and make money on the blades. "Now we're not getting a return on the

blades," says Mr Wolfe. The answer, the manufacturers say, is to sell airlines a full engine service rather than just providing them with equipment. In future,

they say, eogine companies will offer a package including service, maintenance, training and keeping track of spares. The advantage to the airline is that the cost of running engines would be predictable.

The engine manufacturers would heoefit from a consistent flow of cash instead of having to wait years for spares to be ordered. The engioe companies say this could go even further. Airlines could pay for the engines according to the amount of time they use them - "power by the

hour", as the manufacturers call it. These ideas are still in their infancy. GE has turnover of \$2hn annually from the provision of spares and engine maintenance. It has a contract with BA to service both GE engines and those from other manufacturers.

olls-Royce long-term contracts to overbaul engioes for China Eastern airlines and UK charter operators Airtours and Air 2000. Rolls-Royce provides a "power by the hour" service for some husiness jets which use its smaller engines. But the manufacturers concede it will be some time before their idea of full engine service contracts

become the oorm.

Mr Eugene Murphy, chief executive of GE aircraft eogines, has a more radical proposal: that the engine-makers stop competing to supply engines for each aircraft model, instead, aircraft manufactur-ers should select one company to provide all the engines for a partic-ular aircraft. There are some precedents for this: the Boeing 737 and the Airbus A340 are available only with CFM engines, manufactured by a long-standing joint venture between GE and Success of France. Pratt & Whitney supports this idea, but Rolls-Royce doubts air-

event, there will be no need to develop a completely new engine for years. While the three big manufacturers are planning higher thrust engines to power enlarged and beavier versions of the 777, these will be based oo existing products.

Future projects, such as a "super jumbo" version of the Boeing 747, will be able to rely on the engines which have been made for the widehody twin-jets. Rolls-Royce says that even an aircraft carrying 1,000 passengers could be powered by four Trent engines.

A supersonic successor to Concorde would require new engines. wbicb oo single company could profitably develop on its own. But there is no certainty that a new supersonic aircraft will be developed and, if it is, its launch is likely

to be years away. In the meantime, the industry is waiting for airlines such as Air China and South African Airways to select engines for Boeing 777's. There may oot be many orders shout, but those that come will be fought over furiously by the three big manufacturers. And the airlines know that in the present climate it would be foolish to overpay.

OBSERVER

My kingdom for a port

With the bandover of Hong Kong to Chinese rule now just 19 months away, attention is turning to the actual arrangements for the ceremony on June 30 1997.

Prince Charles and the royal vacht Britannia have been booked for the occasion. Having handed over the keys at midnight on the appointed day, the Prince and Chris Patten, the governor, will climb aboard Britannia and sail off into the dark. But where too? There's no

suitable port within a short steaming distance for the party to disembark and transfer to an . aircraft. Hong Kong's own airport - across the water in Kowloon - is closed at night. The new one, which will be operational 24 hours a day, will not be complete.

Macau, just across the Pearl river month, might be suitable; it already boasts a new airport, but it too is close to its own return to China, where Patten is pretty much persona non grata. Talwan is out of the question. It looks as though they'll have to sit tight until they reach the Philippines, some 600 miles away.

As for China, it will have its own very large party the following day. Expectations are that Jiang Zemin, Ching's president, will come down personally to inspect the territory, after the British have left.

to avoid them in 1997 - he's . scheduled to be in Hong Kong in October, to address the annual meetings of the International Monetary Fund and World Bank

Somalian stink

■ The past always catches up with you, particularly in Africa. For the past two days, well-heeled officials turning up for work at the UN's headquarters in Nairobi have been nonplussed by the presence of some 50 irate Somalis, singing We'll never walk alone".

They are employees of the Sewage, Drainage and Building Company (SDBC), which pumped thousands of gallons of waste out of the latrines of the huge UN compound in Mogadishu, before the mission wound up in March. Now the SDBC workers claim

they are owed \$1.4m in back pay. and dare not return home without it for fear of being shot by 340 colleagues. The UN has offered them: \$153,000.

They regard that as just about enough for an insult, saying the job wesn't just messy but was also dangerous. Some of our friends died while cleaning," explains one of their number.

Speaking frankly ■ Uffe Ellemann-Jensen could not regist a bit of fun at the expense of

During a visit to Bonn, the Danish hopeful for the vacant post of Nato secretary-general was asked what he thought of a local press report trailing the name of Hans-Dietrich Genscher, the former German foreign minister, as a possible

candidate for the job. Genscher would be a formidable Nato leader, the Dane conceded. but then, switching into French, he

said: "But I don't think Hans-Dietrich speaks French and that is a problem." With that elegant improvisation Kllemann-Jensen's immediately

cast doubt on France's claim that he would be unsuitable for the Nato joh because of his inability to speak French. If only he could remove the

French government's dislike of his opposition to nuclear testing with such ease...

Tust defenestrate it ■ So why is the European

Commission tarrying so long before committing itself to print, in the Official Journal, on the little matter of the Crédit Lyonnais rescue package? After all, the Commission approved the thing nearly four months ago. Sources in the European Commission suggest French civil servants are to blame. The Ministry of Economics in France in

turn points the finger to the

national parliament, which took

until last week to rubber-stamp the law permitting the rescue plan to go ahead.

And the deputies? They cast spersions on Brussels' interpreters, who have apparently been arguing how to translate "defeasance" into Finnish.

The Leeson style ■ Nick Leeson landed in Singapore yesterday dressed head to toe in Adidas kit. The German sportswear maker was quick to deny any suggestion that it had signed a sponsorship deal with the man who broke the bank.

Meanwhile, as the former master trader settled down in his rather spartan room - courtesy of the Singapore police – a group of financiers was gathering for drinks and dinner at a hotel not too far away. This weekend the regional investment and fund managers of Barings are having a bit of a knees-up in the island republic.

Nominal worker

■ Daimler-Benz is considering dismantling AEG, its electronics subsidiary and one of Germany's oldest industrial companies, with about 10,000 job losses, according to an internal document leaked to the head of AEG's works council -Peter Sackenheim, Well, he could hardly stand idly by and watch with a name like that, could he?

Financial Time

50 years ago

Last Lap at Washington The common interest of Britain and the United States in the rebuilding of international trade should be a guarantee of a successful outcome to the financial talks in Washingtoo. Despite this it is now common knowledge that the occotiations have more than once been on the verge of breakdown. According to the latest and supposedly reliable reports, however, Lord Keynes' proposed departure has stimulated agreement on at any rate some of the main issues under discussion.

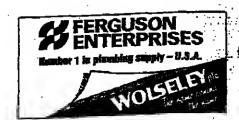
In particular, the United States is reported to have offered a credit of \$3,500 millions, plus \$500 millions to be applied in the liquidation of lease-lend "obligations" and our representatives to have accepted both this scaled-down capital figure and the proposed interest rate of 2 per cent.

More important, America is now willing that interest payments ruled out in any particular year by an unfavourable British balance of payments shall be not merely postponed but definitely waived. in other words, this country could enter upon an agreement with the confidence that its

liability would definitely terminate in 50 years time

FINANCIAL TIMES

Friday November 24 1995



Ex-Barings trader in Singapore to answer charges over bank collapse

Leeson faces his toughest deal

By Kieran Cooke in Singapore

The boatess with a little too mnch lipstick wishes you welcome to Singapore.

Then, as the aircraft glides across the tarmac at Changi airport, the traveller's attention is drawn to the stark, red words on the landing card, "Death for drug traffickers in Singapore".

The country, with its strict laws and numerous regulations, can be intimidating for the jetlagged and faint-hearted. Yester-day Mr Nick Leeson, former ace futures trader, returned to his

fate in the island republic. He faces 12 charges of forgery and illegal transfer of funds over the \$1.4bn collapse of Barings, the British merchant bank.

After a 12-bour flight from Frankfurt, he looked tired and nervous as he strode through the

of more than 20 police surrounded him, trying to keep the crowd of cameramen and journalists at bay.

How does it feel to be back, Nick?" someone yelled. Mr Lee-son, without his glasses and with a black baseball hat pinned, rap atyle, backwards on his bead, stared straight ahead.

In a green aweatshirt, grey sweatpants, white socks and run-ning aboes, he looked more like a slightly overweight footballer than the man who broke a bank.

Singapore has fought long to have Mr Leeson returned. Now it wants to push its case through the courts as quickly as possible. Mr Leeson left Singapore as Bar-ings crumbled in late February. Since early March be has been in prison in Germany.

Mr Leeson was bundled into the back of a car and whisked off to the offices of Singapore's Com-

main investigator in the Barings case. He has said he will co-operate fully with investigators. He is due to appear in court today to bear the charges against him. Lawyers say he might plead guilty to avoid a trial.

Singapore has hinted at a belief that senior Barings executives took part in a desperate attempt to cover up Mr Leeson's losses after these started to aurface within Barings in tha two months before the bank's col-

lapse on February 26.

There is speculation in Singapore that Mr Leeson may try to reduce his prison sentance by claiming be was more of a scape goat than a rogue, and that aenior executives were aware of his hidden trading in an account numbered 88888.

He did not make that allegation

could try to extradite some senior ex-Barings figures from the UK, and call Mr Leeson as a prosecution witness in another trial.

Mr Leeson made it very big, very young. At 26, he was head of tha 25-strong Barings Futures team in Singapore. Sitting under a faded union flag on the floor of tha Singapore International Monatary Exchange (Simex), Mr Lee-son would trade futures worth millions each day.

Afterwards he would often go down to the bars on the quay by the Singapore river and drink jugs of the local Tiger beer with his fellow traders.

Last night the routine continued, without Mr Leeson. "Five years and he'll be out," said one.
"He'a got something up his
aleeva, just you watch." said another. "No one better than

Crédit Lyonnais rescue plan may involve bigger sell-off

Executives at Crédit Lyonnais, the state-owned French banking group, are set to come under pressure to sell off a higher-thanexpected proportion of European assets in exchange for the European Commission's approval of its rescue plan.

The Financial Times has obtained a letter written in July to the European Commission by Mr Alain Madelin, the minister of economics and finance who was

sacked in August. In it be refers to the French government's intention to ensure the sale of half the bank's European network outside France

over the next three years. The pledge was made during last-minute negotiations this summer to ensure that the EU competition commissioner approved a FFr145bn (\$39.8bn) rescue plan for the bank, underwritten by France.

It stands in sharp contrast to the publicly-stated intention of the French government and cent of the assets of Credit Lyonnais around the world.

If the demand for a sale of 50 per cent of the European network is met, Credit Lyonnais would have little choice but to seli off sucb important assets as BfG Bank in Germany, which could threaten its commercial strategy.

on price support, compensated

where necessary by direct payments, should be extended.

Direct income payments could also be linked more to environ-

The shift in ald payments

would be tied to the expected

Continued from Page 1

mental and social issues,



Alain Madelin's letter talks of the bank shrinking its network

The letter dated July 18, shortly before the announcement of approval by Brussels of the rescue plan, appears to contra-dict public assurances given by Mr Madelin that no "side letter" existed which committed the French government to ensure a sale above this 35 per cent limit.

Tha letter says the French authorities agree, as part of the Crédit Lyonnais will, before the end of 1998, reduce "in a very significant way" its commercial presence abroad "and particularly in Europe".

The next paragraph reads: "In total, this reduction in the commercial presence outside France will reach 35 per cent in terms of

EU told to reform CAP before enlargement

rural development policy.

The report does not address

what impact the reforms would

have on the EU farm budget,

although the rural development

policy is expected to fall within

strong case for giving more free-dom to member states to imple-

ment EU legislation. Although he

Mr Fischler also makes a

cent of the network in Europe." The pledge could be subject to a

poorly worded. In fact, in 1994 Crédit Lyonnais had enough assets elsewhere in the world that it could theoretically sell all or most of them and still manage to retain much more than half its non-French banking assets in Europe.

legal challenge because it is

But officials in Brussels stress that they take this sentence as a sufficient guarantee that the 50 per cent target will be respected by the French government over-seeing the bank's restructuring. However, officials at the French Ministry of Economics -

as well as executives at Crédit Lyonnais – continue to maintain that the only pledge they have given is for the sale of 35 per cent of the assets around the world. They are still waiting for publi-

cation of the text showing the conditions for the rescue plan in the European Commission's Official Journal which, in a highly unusual delay, has still not been published nearly four months after the approval was granted. Commission sources, who

claim the French government has been holding un the publication say the final text may not include a public mention of the 50 per

rejects giving member states

responsibility for aid payments

he favours allowing governments more power to implement policy. Mr Fischler also warns that the EU will not be able to meet its

obligations under a new world

trade round if it maintains pres-

ent policies and that the farmers will have to adapt to exporting

FT WEATHER GUIDE

Nick for making a deal."

had been taken, or that one was

The works council is preparing to enlist support among the Social Democratic government of the state of Hesse, and from Mrs Petra Roth, the Christian Democratic mayor of Frankfurt.

remain with Daimler-Benz. He said a break-up would also jobs. Frankfurt would be a break-up, with job losses

Sbareholder criticism bas forced Daimler-Benz to change from an "integrated technology concern" towards a narrowly

focused transportation group.

AEG split

'planned' Continued from Page 1

group had prepared recommen-dations, but denied any decisions

The company said the works council's figure of estimated job losses "bear no reality in fact". It was still evaluating whether a decision to turn some of AEG's units into separate legal entities required approval by an extraor-dinary shareholders meeting.

Mr Sackenheim said the docu-

ments showed that AEG, whose activities include railway engineering, microchips, diesel engines, energy, and automation systems, would be broken up into 20 aeparate companies. Some would be sold, some may close, and a small number would

make it unnecessary to retain AEG as a separate company and its headquarters in Frankfurt the cities hardest hit by the ted to run up to 1.500.

This is not an economic decision, but a strategic decision. Even though it does not make sense financially to dismantle AEG, we no longer seem to fit into their new strategy." Mr Sackenheim said.

Of the existing AEG units, Daimler-Benz wants to retain the railway rolling stock operations, brought into a joint venture this year with ABB, the Swiss-Swedish engineering company; Temic, the electronic components manufacturer; and MTU, which makes

Power and PowerGen to divest even more generating capacity than they have already agreed. Even if no conditions are attached. the generators may have to pay more - sinca subsequent rec deals have been struck at higher prices. There is also a risk that rival bidders will woo Midlands and Southern while the generators are embrolled in the MMC. Either ontcome would be good for the

target companies. And even if they remain unattached, their shares look cheap, assuming they use their imgeared balance sheets to pay bumper dividends. The prospect of two recs returning as takeover candidates clearly reduces the scarcity value of the remaining recs. But there are silver linings, If the nerators' market power is curbed, the recs will benefit. And if the bids

German takeovers

Crossed wires T-SE Eurotrack 200;

THE LEX COLUMN

Tha UK market got its wires crossed in reacting to yesterday'a electric shock. Worst hit were Midlands and Southern Electricity, the targets of the bids that were referred to the Monopolies and Mergers Commission; the other regional electricity companies (recs) which have so far failed to attract suitors also suffered, though not as badly; National Power and PowerGen, the bidders, were relatively unscathed. The reaction was upside

The referral is bad news for National Power and PowerGen. They need recs to soften the impact on their business of 1998'a deregulation of the electricity market. Southarn's and Midlands' near-captive customer bases would help stem the decline in the generators' market power - precisely why the government was right from a competition perspective to refer the deals. The MMC, of course, may not block the bids. But it could attach tough conditions that would curb the generators' market power. An obvious option would be to require National

are blocked, rec-on-rec mergers which would produce considerable cost savings - would be an option. Shareholders would benefit, provided the merged entity simultaneously geared itself up.

Four months after it was first mooted, Germany's deeply flawed takeover code is at last attracting opposition. German investment funds, accounting for 20 per cent of the stock market, are criticising it for the lack of protection it offers minority shareSBF 120 Index

The new regulations are inadequate. The code requires bidders to make an

offer to minority shareholders in a target company within 18 months of buy-ing a 50 per cent stake. The 50 per cent hurdle is too high; it lets an acquirer buy a 49 per cent holding and gain effective control without paying for it. In tha UK, a 30 per cent stake is enough to trigger a full bid, while Brussels wants a 33 per cent limit. The code also allows bidders to buy out minority holders at a discount of up to 25 per cent of what they paid for their initial stake. This transgresses the key principle that all shareholders should

be treated equally.

As it stands, the code does nothing to shake up the cosy relationship between German industry and banks, which tend to own stakes in chient companies and work in favour of incumbent management. It is all the more encouraging therefore, that the challenge is being led by DWS, the mutual fund subsidiary of Deutsche Bank, Germany's biggest bank.

Northumbrian Water

Yesterday's agreed bid for Northumbrian Water from Lyonnaise des Eaux only makes sense if the price cuts demanded by the government are offset by cost savings from merging the businesses - which looks very unlikely. Once the fall effect flows through, price cuts will wipe more than £20m (\$12.8m) a year off revenues. Lyonnaise itself estimated the cost savings at only £11m a year – and it had every incentive to pitch the estimate high, to prove the deal was in the public interest.

Of course, Lyonnaise may be able to

cut more costs. But the signs are not promising. For one thing, the compulsory redundancies. And its plan to keep two joint chief executives, not to mention the antire Northumbrian board, does not auggest a tautly

Barings in

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NAME ACTIVITY

THE SECTION AS

arinta is a

focused operation. Lyonnaise is also paying a very high price – a 60 per cent premium over Northumbrian a share price in March, when it first said it planned to bid. Lyonnaise may argue that the deal will still enhance earnings, but this means little: the earnings stream will be of lower quality. Lyonnaise shares are trading on an extravagant rating -21 times this year's expected earnings. Taking on a large chunk of debt to expand in the UK'a highly-regulated water sector can only bring this down.

Crédit Lyonnais

Credit Lyonnais' forced sale of over-seas assets to meet the European Commission's conditions for its FFr145bn (\$30bn) rescue plan may be more subatantial than originally thought. Instead of 35 per cent, it may have to dispose of 50 per cent of its European banking network (outside France), according to a letter to tha Commission from the former French finance minister. So far. Crédit Lyonnais has managed to use such sales as an opportunity to clean up its portfolio, for example by selling Credit Lyonnais Bank Nederland to Belgium's Generale Bank. If Crédit Lyonnais were forced, as a result of tougher terms, to sell its German subsidiary BfG Bank. this would be an irritation. After prolonged difficulties, that investment may be just starting to come right.

Still, the pruning of Credit Lyonnais' ambitions to become a European banking force is no bad thing. If it manages to concentrate more effort on areas of traditional atrength like trade finance, the result may even be better margins. Given its limited capital

resources, some shrinkage is helpful. The day is approaching when Crédit Lyonnais will again function as a normal bank. Most of its exposure to French property has been written off. The management's cost-cutting aims are among the most aggressive in the industry. However, much of the recovery is already priced in, following the rally in French bank stocks this autumn. At around FFr300 per share, Crédit Lyonnais is no longer cheap.

> See additional Lex comment on Amec, second section

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Europe today

Low pressure over Scotland will cause cloud and outbreaks of rain in the British Isles. England will have strong breezes. A strong northerly air flow, accompanied by showers will reach Ireland in the afternoon. Southern France and Spain will be dry and mostly sunny. Cloud and rain will spread across north-western Spain and Brittany. It will be cloudy but mainly dry in northern France, the Benelux, northern Germany. Denmark and southern Scandinavia. The south-west coast of Norway will have rain. A high pressure system over the Balkans will promote calm conditions with sun and fog patches from Athens to Moscow. Sardinia and the Israel coast will have a few showers.

Five-day forecast

Scotland and western Norway will be unsettled with rain at times. A low pressure system in the western Mediterranean will direct dry Saharan air to the north. The air will become very humid as it crosses the Mediterranean resulting in heavy rain along the Riviera and in Italy and later in Albania and western Greece. A high pressure system will promote calm conditions in the Black Sea

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FINANCIAL TIMES

OTHE FINANCIAL TIMES LIMITED 1995



IN BRIEF

ING rises 15% with **Barings** in black

ING Group, the big Netherlands-based financial services company, said net profits rose 15 per cent to Fl 1.88bn (\$1bn) in the first nine months of 1995, helped in part by the "modest positiva result" achieved by Barings, the UK bank rescued by the Dutch company in March. Page 20

Henkel rises 7% in spite of flat sales Henkel, the leading German chemicals group, reported a 7 per cent rise in operating profits to DM519m (\$373m) for the nine months eoding September 20 Page 32 tember 30. Page 20

Cott shock prompts 25% plunge Cott, the Toronto-based private-label soft drinks maker, lost almost a quarter of its market value yesterday after stunning the market with news of unexpected losses, a hefty restructuring charge, and e retreat from several businesses. Page 21

Argentine brewer thirsts after expansion Argentines may not quaff beer to the extent of their UK, US or even Venezuelan counterparts, but to Quilmes this is part of their attraction. "There's still plenty of room to expand," says Mr Norberto Morita, chief of Quilmes International, which controls nearly four-fifths of Argentina's beer market.

Fairfax forecasts 'modest' fail for year John Fairfax, the Australian newspaper publisher, warned shareholders that it expected a "modestly lower profit" in the current financial year, com-pared with last time, In 1994/95, Fairfax made an after-tax profit of A\$147.3m. Page 22

Price rise delays worry oil groups
The growing politicisation of petrol prices in the
Philippines has all but guaranteed a poor financial year for the country's three oil companies, Petron, Pilipinas Shell and Caltex (Philippines). The government has repeatedly decided against approving higher oil prices, most recently this week. Page 22

Trading volume decline hits Exco The slump in trading volumes on world foreign exchange and money markets caused more blood to be shed in the City of London when Exco, the moneybroking group, issued a profits warning and said it was taking further steps to cut costs, Page 23

indices (rebased) PT/SEP Pacific Basin

'Confidence crisis' as Bombay slides Bombay's already bearish sentiment turned sharply worse as sustained selling in a thin market pushed the 30-share Bombay Sensex index down 57.34, or 1.9 per cent, to close at 2,944, piercing the psychologically important 3,000 level. The drop continues e steep fourmarket sentiment has stubbornly defied good economic fundamentals and strong recent half-year returns from some of India's bigg companies. "There's a crisis of confidence," said an ana-

lyst with one of the biggest

overseas brokerages on the Bombay exchange.

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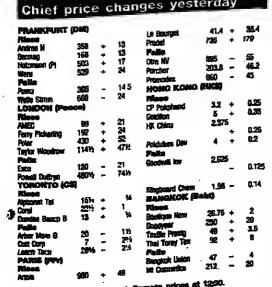
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COMPANIES & MARKETS

Friday November 24 1995

UK water utility accepts \$1.3bn French offer

By Christopher Price in London

The board of Northumbrian Water, the privatised UK utility, yesterday accepted an £823m (\$1.3bn) offer from Lyonnaise des Eaux, ending an eight-month court-ship by the French group. It is the first takeover of one of the 10

largest UK water companies, which were transferred to the private sector through

privatisation in 1969.

The takeover follows the decision two weeks ago by Mr Ian Lang, trade and industry secretary, to allow Lyonnaise to bid provided it guaranteed price cuts of 15 per cent in customer's water bills by 2001. This would equate to an annual

rent average annual bill of £97 for water,

excluding sewerage.
Northumbrian shareholders, who are being offered £11.65 in cash for every share, are being given a special dividend of 14p. In addition, they will be paid the 11p interim dividend declared by the Northumbrian board two weeks ago. Northumbrian shares closed 35p up et £11.65 yesterday

Lyonnaise, which will merge North-umbrian's operations with the neigh-bouring North East Weter to become the fifth largest water supplier, has guaranteed oot to make compulsory redundan-cies among Northumbrian employees.

There will be no job losses among the Northumbrian hoard, who will all be offered parallel posts in the new organisation. They will have their share options paid off. Among the executives to benefit will be Mr David Cranston. Northumbrian's chief executive, who

will oet £566,706. Sir Frederick Holliday, Northumbrian's chairman, said the company did not talk to other potential partners. He added that the group's defence package

was inferior to the offer.

Mr Jacques Petry, president of Lyon-naise's international water division. said: "The price is as high as we would have gone, but we believe the enlarged

group will deliver both savings for cus-tomers and returns for our shareholders." He said the deal should be earnings enhancing in 1996. Gearing, currently around 50 per cent, would rise to 70-80 per cent after the bid. Lyonnaise has giveo undertakings not to bid for another UK water company for 10 years. It must float at least 25 per cent of its UK water interests, which includes

Essex and Suffolk Water, by 2005. Northumbrian shares stood at 742p on March 6, the day before Lyonnaise announced its intection to hid. The French group declined to detail its offer until the regulatory hurdles had been cleared as the hid automatically trig-

Mergers Commission. Its report in July. which found against the public interest. was used by Mr Lang as a basis for further inquiries by Mr Ian Byatt, the water regulator.

Analysts said the intra-water merger was unlikely to lead to similar takeovers in the sector. Mr Byatt has warned that he will demand stiffer price cuts as the price for greater consolidation in the industry. In addition, the water sector has a reputation as a vociferous cash consumer, with large capital expendi-ture requirements also likely to act as a dissuader to potential aggressors. Lex. Page 18

Kvaerner **buys 10%**

By Andrew Taylor in London and Hugh Carnegy in Stockholm,

stake in

Amec

The prospect of a three-cornered fight for control of Amec, the UK construction group, was in pros-pect last night after Norwegian shipbuilder Kværner launched a dawn raid to buy 10 per cent of its shares.

The purchases were made as it emerged that Amec has been talking with Alfred McAlpine, another struggling UK construction group, about merging their

Amec executives last night were concerned that a full offer by Kvaerner could upset plans for a further rationalisation of the UK construction sector following last week's announcement that Tarmac would be acquiring Wimpey's building and civil engineering businesses.

Kvaerner, which yesterday paid 220m to increase its stake in Amec to 12 per cent, declined to rule out a bid but said if it did buy more shares, it would pay no re than the 100p offered in the dawn raid.

Shares in Amec rose 21p to 99p, valuing the company at about £200m. Kvaerner's B sbares however fell NKr11 to NKr205.

Kvaerner wants to increase internetional reach of the group's oil and gas division which to date has worked mostly in the Norwegian sector of the North Sea.

It announced plans in the autumn to move its oil and gas engineering headquarters from Oslo to London.

Kvaerner's proposals for e strategic alliance with Amec however were rebuffed when Mr Krik Tonseth, the group's chief executive, mat Sir Alan Cockshaw, Amec's chairman, in Lon-

Mr Tonseth said: "While Sir Alan clearly recognised the industrial logic of extensiva co-operation between our two firms, we were unable to agree a way forward. We are now considering out options.

Amec is afraid that a financially driven bid could lead to Kvaerner retaining its oil, gas, process plant and civil engineering interests and disposing of Amec's general building and housebuilding businesses either through mergers or sales.

Sir Alan said a bid at 100p would fundamentally undervalue Amec and that a takeover by Kvaerner "would make no effective contribution for the urgent need for rationalisation in the Uk construction industry.

Last year. Amec earned pre-tax profits of just £20m on turnover of £1.96bn. The company in has been forced to make a series of large provisions against problem contracts, including against a £550m, North Sea oil and gas platform for Agip.

Richard Lapper and Andrew Jack look at a meeting of markets



Talking business: Paris traders argued that the liquidity linked to the open ontray method was an important ettraction of their market

n ambitious plan to bring the French and German equity and derivatives markets closer together is nearing fruition.

A provisional agreement to creete an electronic trading network linking the two markats was signed in the historic halls of the Palais de Bourse in Paris at the

end of last month. Exchange executives hope that if the plans are successful they will attract increased flows of equity business, strengthening their competitive position against

rival exchanges, including the London Stock Exchange. "We think London will lose part of its influence if we get it working," said the Dentsche Börsa, which agreed the deal with the Société des Bourse Fran-

caises (SBF), the Matif and the Money, the French futures and options markets respectively.

At the heart of their agreement is the creation of what the French and German market authorities call a "double plat-form", a common computerised network on which equities, some

bond market products and derivatives listed on the exchanges, can be traded. The new system will allow traders to buy and sell French and German equities and some derivatives products by using a single computer screen. It should increase liquidity, cut

transaction costs and pave the way for tighter co-operation. Senior executives from the Paris and Frankfurt markets hope to develop common settlement and clearing systems. All this should help it attract business. There are hopes, for example, that US firms trading German stock through a London marketmaker might use the French or German exchange directly.

Some potential obstacles remain. For the deal to go ahead, tha German exchange would have to agree to use the SBFe new quotation system (NSC) for share trading, developed at a cost of more than FFr200m (£27m). Frankfurt has until the end of

Europe bourses link-up moves

Mr Jean-François Théodore, chairman of the French bourse, stresses that the new accord is provisional and French trading firms say they will oppose moves to transfer the CAC-40 index future, the exchange's popular equity derivatives contract, from the Matif floor to the DB's electronic system, unless the NSC system is used by the Germans.

Even eo, the chances of tha project happening seem good. One positive sign is that trading firms in Paris support it. They were unhappy with an original, more limited link-up plan drawn up in 1993, which would have transferred a limited range of French and German derivatives products to a joint electronic network. They support the current version of the project, partially because it will allow them to contince trading France's popular bond contracts - such as the 10year hond and the Pibor, the three-month money market con-

tract - at the Matif trading floor. Paris traders argued that the liquidity linked to the open outcry method - floor-hased face-to-face trading - was an important attraction of the Paris market to institutional investors, and were worried that moves to transfer the business to the joint electronic network could lose them business

There was also concern about threats by Liffe, the Loodon derivatives market which trades by open outcry, to list any products delisted from the Paris floor. "Wa disliked the first agreement because it didn't give a rec ipe for real integration," said Ms Fabienne Bothy of Aprim, the

DTB link-up, stresses that broader circumstances have changed since the original agreement. For one thing, the DTB has been integrated with the broader Deutsche Börse. Perhaps more important is the change in the timetable for Euroassociation representing about 40

pean monetary union. Matif and the DTB had originally hoped their alliance would put them in poll position to dominate a wider range of bond and money market rency. This summer's Cannes summit meeting of EU leaders, bowever, delayed monetary union at least until 1999. This made the development of the new business line less urgent and allowed for the emergence of a more pragmatic approach. Mr Pfauwadel is confident. "We have a wonderful business opportunity."

Derivatives disclosures, Page 32

Crisis talks at largest German shipbuilder

By Judy Dempsey in Berlin

Bremer Vnlkao, Germany's largest shipbuilding group, said losses this year would reach at least DM250m (\$179.8m) as bank-ers and officials from Bremen city beld crisis talks to discuss

the company's finances Bremer Vulkan said the talks were aimed at financing the con-stroction of orders worth

But the meeting heightened fears about the company's financial stability, forcing the groop's shares down 90 pfennigs, or about 2 per cent, to close at

The meeting involved Mr Henning Scherf, the mayor of Bremen, Mr Ulrich Nölle, the finance senator, and representa-tives from Commerzbank and Dresdner, the company's house banks, Participants would oot

reveal details of the meeting. The talks took place a week after Mr Friedrich Hennemann was told by the snpervisory board to quit as chairman following disclosures that Dorries Scharmann, a subsidiary of Bremer Vulkan, would report losses of DM200m this year. Yesterday the company said its losses. excluding Dörries Scharmann,

would exceed DM50m.

"The truth is that we do not know the real state of the books," the company said. "We know there is a problem financing some of the orders. But how hig the problem we cannot say." In September, Mr Hennemann revealed the banks were unwilling to extend a further DM300m credit line to finance orders. Bremer Vulkan has outstanding dents totalling DM1bn.

Bremer Vulkan employs over 24,000 people end is Bremen's largest employer.

October 1995 oppears as a matle of record only.

firms operating on Matif. "We

wanted to make sure that the

business was etill there. You

have to provide a competitive

environment to attract business

at the end of the day." By con-

trast, the organisation says the

deal under consideration "comes

a long way from the initial agree-

ment" and is "more pragmatic

Mr Gerard Pfauwadel, chair-

man of the Matif and one of the

architects of the original Matif-

and economically supportive".

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German funds seek stiffer bid code

By Andrew Fisher

Germany's biggest investment funds are pressing to strengthen Germany's new takeover code. just weeks after it came into

effect. The funds, which account for 20 per cent of stock market turnover, want to give minority shareholders the same sort of protection as in other international markets. They warn that without stricter rules, Germany's role as a financial centre could be

The voluntary code, announced in July, follows other reforms to clamp down on insider trading and enforce stricter disclosure requirements for share stakes. It came into effect last month when a new takeover commission

"A level playing field with fair takeover rules is the missing key element for Finanzplatz Deutschland [Germany as a finan-cial centre]," said Mr Christian Strenger, head of DWS, Germany's biggest mutual fund company and a subsidiary of Deut-

He and others want more account taken of minority interests, especially to satisfy foreign institutional investors. Mr Manfred Mathes, heed of Union Investment (majority owned by co-operative banks) and a memof the takeover commission, said the code should be strengthened to meet international standards. "The code has to be devel oped further, otherwise a legal solution will be imposed." The code'e main provisions are

Any company acquiring more place," Mr Mathes said.

than 50 per cent of another must make an offer for the rest. Those wanting to strengthen the code think this threshold is too high. It compares with 29.9 per cent in the UK and the European Commission'e suggested 33 per cent. • The price offered to minority shareholders must be in line with the market price and no more than 25 per cent below that paid by the bidder in the six months before going above 50 per cent. Mr Strenger said the discount

was too large. "It is hard to jus-tify any sort of discount." • The offer should be made within 18 months. Some think this too long, though companies argue it can take at least this time to complete the legal steps necessary for e takeover. "An offer should be made [to minority holders] when the takeover takes

INTERNATIONAL COMPANIES AND FINANCE

EUROPEAN NEWS DIGEST

Pechiney shares slip despite sales growth

Pechiney, the French aluminium and packaging group which is in the process of privatisation, yesterday announced that turnover rose almost 20 per cent to FFr60bn (\$12.35bn) in the first nine months. Its non-voting investment certificates slipped FFr2.7 to FFr202.7, amid lingering concerns about the share sale. Mr Jean Arthuis, the French finance minister, has dismissed suggestions he may suspend the issue. But analysts said he was likely to make a decision on the operation at the end of the pre-marketing period, which must last at least until the end of next week. John Ridding, Paris

Springer held by paper costs

Axel Springer, one of Germany's largest publishing groups, reported a 3.7 per cent rise in pre-tax profits for the first ten months to DM272m (\$193m), despite an increase in paper costs which knocked DM110m off the figure. Sales climbed 3.7 per cent to DM3.47bn. Most of the advertising revenue, which increased 4.8 per cent to DML5bn, was earned from Springer's newspapers and not from television interests. The rise in profits and sales coincided with a restructuring programme which Mr Jürgen Richter, chairman, started in July 1994 after half the board was sacked in one of the most radical shake-ups in German industry. Judy Dempsey, Berlin

San Paolo snubs Ferfin issue

Istituto Bancario San Paolo di Torino, Italy's largest bank, and Monte dei Paschi di Siena, its Tuscan ally, yesterday decided not to underwrite the L950bn (\$598m) rights issue proposed by Ferruzzi Pinanziaria (Ferfin), the Italian holding company, and organised by Mediobanca, the Milan merchant bank. Monte dei Paschi, which owns 4.5 per cent of Ferfin, also said it would not take up its shares in the rights issue, San Paolo's parent company, which is Ferfin's largest shareholder, will not decide whether to take up its rights until nearer the December 7 Ferfin shareholder meeting. The decision means the underwriting consortium is likely to be dominated by Mediobanca and its banking allies. They are likely to increase their control over Ferfin if San Paolo's parent company decides not to subscribe to the rights issue. San Paolo and Monte dei Paschi are part of a loose network of financial companies which is trying to rival the dominance of Mediobanca and its corporate allies.

Andrew E Andrew Hill, Milan

ABB unit forecasts small rise

The Swedish unit of ABB Asea Brown Boveri is expected to report a pretax profit of SKr3.8bn (\$507m) in 1995, up from SKr3.1bn last year, Mr Bert-Olof Svanholm, the chief executive, said. Mr Svanholm told the Dagens Industri newspaper he forecast the company's 1995 order book at SKr27bn kronor, up from SKr25bn last year. However, he said the order forecast depended on whether the company won either an order from the US for a "fast train", or another large order, which he declined to detail.

AFX News, Stockholm

Deutsche Telekom upbeat

Deutsche Telekom expects to achieve a "double-digit billion mark" pre-tax profit in 1995, according to chief financial officer Mr Joachim Kroeske. Last year, the company posted a pre-tax profit of about DM2bn (\$1.42bn), after paying a levy of DM5.2bn to the German government. AFX News, Frankfurt

Fiat, the Italian automotive group, said sales in the nine months to September 30 rose more than 19 per cent from a year earlier to L56,000hn (\$35.2bn).

AFX News, M.

ING upbeat after 15% advance at nine months

By Ronald van de Krol in Amsterdam

ING Group. the big Netherlands-based financial services company, said net profits rose 15 per cent in the first nine months of 1995, helped in part by the "modest positive result" achieved by Barings, the UK bank it rescued in March.

Nine-month net profits rose from Fl 1.64bn to Fl 1.86bn (\$1.19bn). in the third quarter alone, net profits were up 10 per cent at F1 699m, compared with an 18 per cent increase to Fl 1.18bn seen in the first six months of the year.

The nine-month figures prompted ING Group to make

an upwards adjustment to its full-year forecast.

It now expects earnings per share to be "clearly" higher than a year ago. In August, it predicted simply that the figure would surpass the 1994 result. The results were in line with expectations and ING's shares rose Fl 0.60 per cent to FI 100.50.

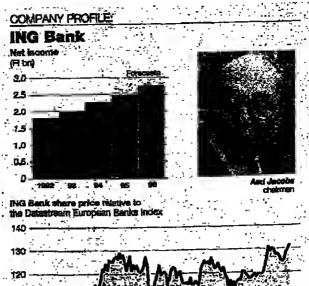
Insurance profits outstripped banking during the first three quarters, but both recorded strong rates of growth despite the negative effects of the guilder's strength against a range of currencie

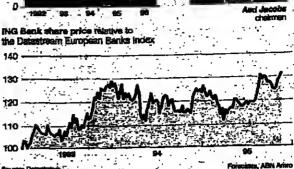
Insurance profits rose 18.3 per cent to F11.48bn, bnoyed by a 50 per cent surge in non-

The strong performance in non-life insurance came despite F160m in claims from Hurricane Luis on the Caribbean island of St. Maarten.

Life insurance profits rose 12.5 per cent, with premium moome showing a 13.7 per cent rise when currency factors are excluded. Premium growth was particularly strong in ths Netherlands, other European countries and Asia.

In banking, results rose 13.6 per cent to F1 1.28bn, reflecting a substantial rise in trading results from FI 44m to FI 613m. This was caused partly by the consolidation of Barings, but also to a turnround in asset trading. ING gave no specific figures for Barings.





Kvaerner shares fall on talk of bid

By Hugh Carnegy in Stockholm

Kvaerner shares fell 5 per cent yesterday as reports circulated that the Norwegian shipbuilding, oil and gas and engineering group had bought a 12 per cent stake in Amec, a UK construction company.

The group's B shares closed down NKrll on the day at NKr205 - in spite of having already dropped some 30 per cent over the year. Although results have been strong this year, doubts have persisted after difficulties in 1994 and worries about new orders and order

reserves, which have fallen below last year's levels.

A move to extend the international ach of Kvaerner's oil and gas division through Amec's British North Sea operations is in line with the company's strategy to reduce its dependence on the Norwegian North Sea sector, where investment is expected to fall sharply in

the next five years.

Kvaemer is Norway's second largest listed company and has not hesitated to look overseas for expansion. Since 1988, it has built a position as Europe's largest shipbuilder through the acquisition

of the Govan shipyard in Scotland, Finland's Masa yards and the Warnow yard in Rostock, Germany.

Shipbuilding is now the largest divi-sion within Kvaerner, but the oil and gas operations, which offer a full range of offshore oil and gas installations, are the second largest, accounting for 26 per cent of Kvaerner's total revenues last year of NKr26hn (\$4.2hn).

Kvaemer is keen to achieve a significant broadening of its oil and gas activities, which at present rely on the Nor-wegian sector for 85 per cent of revenues. "In the past we have not been

very successful in international activi-

tional revenues by the turn of the century, with the British North Sea sector as the main overseas base. Kvaerner had already moved to alter the structure of the division, intending to locate

Mr Erik Tonseth, Kvaerner chief executive, has made no secret of his belief that Oslo is not the ideal base for a company with international ambitions such as Kvaerner.

ties," acknowledged one executive.

The aim is to reach a balance between Norwegian sector and internaits headquarters in London.

Net income, DMm

-900

Henkel profits rise Share price relative to the DAXdespite static sales

By Michael Lindemann in Bonn

Henkel, a leading German chemicals group, reported a 7 per cent rise in operating profits to DM519m (\$368m) for the nine months ending September 30. This was despite static sales of DM10.6hm, partly because of the strength of the D-Mark.

The family-owned group based in Düsseldorf warned it did not expect the consumer goods market to grow next year, Sales for the whole of 1995 were forecast to rise by about 1 per cent above last year's DM14bn, while net profits were expected to grow

strongly to exceed the record

Sales and profits from specialty chemicals, especially adhesives and products used to treat metals, were expected to rise most strongly. The dividend for 1995 was forecast to be at least as high as the DM11 paid on the preferential stock. As part of the expansion of

its cosmetics business, Henkel founded a joint venture in Shanghai earlier this year. Yesterday the company said it saw "promising prospects for global growth" for its cosmetic divi-sion following the recent purchase of a 77 per cent stake in

94 1993 Hans Schwarzkopf, the German hair and body care com-

pany, from the Hoechst chemi-However, Mr Uwe Specht, the group's managing partner, said an unspecified number of

1992 93, 94, 95, 98 97,

own cosmetics operations, in order to maximise the efficiency of the two units. Group sales in the first nine

months; would have grown 6

per cent had it not been for the jobs would have to go at strength of the D-Mark. Sales of washing powder, the second Schwarzkopf and at Henkel's biggest of Henkel's activities after chemical products, fell 3 per cent because of currency

1982 93 94 95 98 97

De Benedetti set to take 60% slice of pizza group

By Tom Burns in Madrid

Cofir, the Madrid-based holding company controlled by Italian financier Mr Carlo de Benedettl's French group Cerus, is negotiating a 60 per cent stake in Telepizza, a leading fast food company which has a market value of about Pta10bn (\$83m).

The investment, one of Cofir's biggest single acquisi tions in Spain, would also resolve a hitter boardroom battle at Telepizza, as Cofir plans to restore Mr Leopoldo Fernández Pujals, the company founder, as chairman. Mr Fernández Pojals, who

owns 40 per cent of Telepizza, was ejected by Telepizza's other shareholders last month and these are now negotiating the sale of their combined equity to Cofir. Telepizza was founded in

1987 and now controls 196 bome-delivery pizza centres in Spsin and another 54 in Europe and South America. It has forecast sales of Ptal9hn this year, up from Pta12.3bn in 1994, and expects to double consolidated profit to Pta800m. The company is the domestic market leader in a fast food sector that analysis say is set to continue strong

growth.

For Cofir, which is 45 per cent owned by Cerns and is traded on the Madrid stock market where 20 UK and US institutions control about 25 per cent of the stock, the Telepizza acquisition would mark. a further diversification of its portfolio. In the past two years the holding company has added supermarket stores and Rioja winerles to its core investments in the real estate and hotel sectors.

Cott sha

after sun

71,

425

If Cofir secures its stake in Telepizza, it is likely to choose its moment to take its sharebolding to the market. Mr Gabriele Burgio, holding company chief executive, said his first priority was to "bring peace" to the company.

Cofir, whose 1994 consolidated net profit was up 44 per cent at Ptal.5bn, is also expected to place the 70 per cent stake it has built up in NH botels, Spain's leading city

This announcement appears as a matter of record only



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November 1995

Enichem finds the right formula

Institutional investors' enthusiasm for the privati-A sation stake in Eni, Italy's energy and chemicals group, is due in no small part to Mr Marcello Colitti, chairman of

In only two years, Mr Colitti has transformed the loss-making chemicals arm from being the group's basket-case - an inefficient and unfocused business - into a profitable plastics

producer. He has been helped by the npturn, which saw plastics prices double last year, driven by increased demand. But a comprehensive reshaping has assured the company's survival during the next down-turn too, says Mr Colitti, with the kind of confidence that has heartened many an investor.

Enichem's losses, of L1,410hn (\$877m) on sales of L12,950bn in 1991, had been picked up for years by Eni's oil business, Agip, and the Snam gas opera-tion. But as privatisation approached, the business was a clear burden within the group, and a non-starter as a stand-

was to restore the fortunes of a business, which, he says, was "dead", with a brief supplied by the Italian treasury defining its operations as either core. sellable or closeable.

"Heavy investments, and the merger of two indebted companies in Enimont, the fibres producer, had left Enichem with too many debts. Its costs were high, thanks to overstaffing and the burden of more than 40 industrial sites, and it was operating in practically every sector of the industry. It was also unclear whether it was a holding company or an operational unit," says Mr Colitti

On the basis that "disorder is cured by centralisation," his first move, he says, was to regroup. "Operational companies were merged into the mother, and five divisions were

created," including a services division instructed to service sites only where it could secure profits. This paved the way for a massive divestment and cost-cutting programme, which saw 24 plants, and four fertiliser sites, closed. EVC, Enichem's former joint

venture with ICI, was floated, its speciality chemicals business, Acna, was inquidated, and it has sold its detergents business, Enichem Augusta, to RWE-DEA, of Germany; its polyester packaging business, inca, to Dow Chemical of the US; and large parts of its fine chemicals business, Enichem

In two years, its divestments have reached L2.661.2bn, of which L1.215.2bn have taken place this year. As a result, debts are now close to zero, says Mr. Colitti, and its first operating profit, last year, is expected to become a pre-tax profit this year. It has reduced its variable costs from 68 per cent of sales in 1993, to 62 per cent this year, while fixed

alone company.

The challenge for Mr Colitti

Synthesis, to different buyers.

costs are down from 29.6 per cent to 18.2 per cent.

convertible into Ina shares.

The Italian treasury is seriously considering the sale of its remaining stake in Ina, the insurer, before Christmas, having closed the L6,300bn (\$3.96bn) public offer of shares in Eni, the energy and chemicals group, two days early, write Andrew Hill in Milan and Antonia Sharpe in London.

The treasury is committed to selling its 34 per cent stake in the write language through a placing of superposent bonds.

the sale before the end of December it would probably have to start sounding out investors' interest in the convertible bonds as early as next week.

The treasury closed the Eni sale on Wednesday after indi-cations that small shareholders had ordered more than 400m shares - the lower limit for retail investment in the 1.2m share issue. The institutional tranches of the offer are already oversubscribed, and another 180m shares are reserved for sale later. If all Eni shares are sold, the treasury will raise L7,245bn towards reducing government debt, on top of L2,500bn already raised this year by placing shares in Ina and IMI, the banking

Yet there is still plenty to be done. Plant closures in southern Italy have been delayed through sensitivity over high local unemployment: and the company's environmental liabilities are sizeable.

It also still has problems with its fertilisers business, Enichem Agricoltura. Output has been cut, through closures, from 4.5m tonnes a year to 1.4m tonnes a year. Bnt a planned alliance with Norsk Hydro fell through last year.

imilarly, the company is Committed to selling its fibres business, Enimont. the joint venture with Montefibre, best-known as the company at the centre of Italy's most celebrated bribery scandal, in the early 1990s. Strong in both polyester and acrylics. the business is technologically competitive, but operating in

difficult markets. Elsewhere in the fibres industry, asset swaps bave opened the door to consolidation. But, says Mr Colitti, noone has proposed a swap for Enimont. "We will certainly

Rome may sell rest of Ina stake soon

Ina by mid-January, through a placing of government bonds

Bankers said yesterday that if Rome decided to rush through

divest it," he says, "but it may be sold on the stock exchange". Nonetheless, the rate of progress has allowed a group privetisation, which has "guaranteed" Enichem's place within Eni, and thus its integration with oil, says Mr Colitti. This has given it an advantage in

petrochemicals, driving its con-

centration on bulk plastics.

polyethylene, polystyrene, polyurethane, and elastomers. in polyethylene, the world's leading plastic, Enichem is a European market leader through its alliance with Union Carbide, Polimeri Europa, which accounts for 13 per cent of European polyethylene

capacity. The company will strengthen some of its other plastics businesses, notably polyurethana, he says.

Its investment budget has been cut back stesdily since 1991, when it stood at L1,350bn, to only L237bn last year. But selective investments are now set to see that figure rise, to L315bn this year. This will not be directed ontside Europe, however. Enichem is now basically a European company," says Mr Colitti, "and it will remain so."

This concentration, in Europe, and in plastics, have tied the company's fortunes to a volatile, and mature, market. But Mr Colitti is not daunted: Bricks were being made a century ago," he says, "and yet there are still people making money making bricks."

Further cost-cutting, an absence of debt, investment aimed at raising technological and administrative efficiency, and strategic alliances, will all ensure the company's future profitability, he says. Europe's petrochemicals industry "still faces structural problems", but for Enichem "the main lines of future development have been

Jenny Luesby



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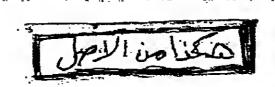
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INTERNATIONAL COMPANIES AND FINANCE

Argentine brewer aims to tap Latin American neighbours

Despite losing Canada's John Labatt to rival bidder Interbrew, Quilmes is still seeking to expand, reports David Pilling



11. Reneden

The state of the s

extent of their UK, US or even Venezuelan connterparta, but to an ambi-Latin American tious brewery _ auch as Quilmes this is

part of their attraction. "There's still plenty of room to expand," says Mr Norberto Morita, chief executive officer of Quilmes International, which controls nearly fourfifths of Argentina'a beer market. He believes Argentine con-aumption, currently at an annual 33 litres a head, can "easily surpass" 50 litres. This is not an unrealistic tar-

get, in spite of a drop in Argen-tine beer sales this year as a result of Mexican-related recession. In the UK, per capita con-sumption is about 106 litres, while Venezuelans, Latin America's most devoted beer drinkers, manage 70 litres a year. From a brewer'a point of view, Argentines are already on the right track: consumption has quadrupled since 1982. Much of that increase is due

to the efforts of Quilmes, 85 per cent owned by Luxembourg. based Quinsa and 15 per cent by Heineken, the Dutch brewer that has provided technical help for Quilmes since 1984.

Quilmes, which also operates ful bid for John Labatt, the in Bolivia, Chile, Paraguay and Canadian heer and entertain may not quaff beer to the Uruguay, has spent years aggressively marketing beer as a light, modern drink and an alternative to wine.

> aided by Argentina's economic stabilisation which - notwithstanding this year's downturn - has substantially increased disposable income since 1991. As wine consumption has droppad, beer sales have swelled. Quilmes has mat demand by quadrupling pro-duction since 1985 to 12m hec-tolitres. Net sales surged from \$271m in 1990 to \$754m last year, profits rose from \$16.1m to \$86.7m over the same period.
>
> Much of the resulting cash

flow has been ploughed back into upgrading technology. Quilmes has invested \$300m in new plant in the past three years without recourse to borrowing, and 60 per cent of production capacity is now in plant that is less than six years old. While increasing its vol-umes, state-of-the-art technology has enabled the company to cut staff by 2,000 to 5,500

since the mid-1980s. This year has been harder. Argentina'a recession caused Quilmes' beer sales to drop 3.3 per cent in the first half of 1995. That, together with the launch of a mineral water business and costs of an unsuccess-

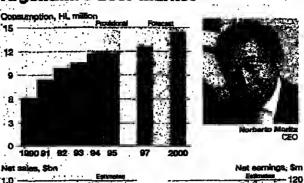
ments group, lowered sixmonth profits 29 per cent to \$25.3m. Gross margins and operating margins were also Quilmes' campaign has been

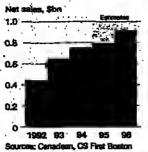
"There'a been a significant reduction of growth pattern this year - it's definitely not the boom time we have been used to year after year," Mr Morita says. However, he denies this is anything other than a temporary blip. Structural reforms in Argentina. countries in which Quilmes operates, ensure the "long-term trend is inevitably

As well as recession, Quilmes has to contend with greater competition from Brahma of Brazil and Warstei ner of Germany, both of which have recently started producing beer in Argentina. In particular. Brahma has mounted a strong marketing campaign and is offering big price dis-

Quilmes has so far maintained its grip with 78 per cent market ahare, but analysts believe competition could stiffen, particularly if Brahma makes improvements in distribntion and stops diverting Argentine production to Bra-zil's booming market.

Argentina's beer market





per cent share of the Buenos Aires market is less than he had feared. "We were expecting much more aggressive competition. I'm pleasantly

surprised," he says.

Not that Quilmes is complacent. As well as defending its position in Argentina, which

Mr Morita calls Quilmes "cen-

Mr Morita says Brahma's 7 tre of gravity", the company

brands, share has risen from practically nothing in 1990 to 12.6 per cent last year. In Uru-guay, a relatively sluggish market, the company has maintained its dominant position, while this year It has

moved into Bolivia with the

purchase of 50 per cent of a Santa Cruz-based brewery. Such expansion, though impressive, has concentrated on countries with relatively small populations. "Now they are in most parts of Latin America, save the two most important markets - Mexico and Brazil," says Ms Lavinia Agnew, Latin American bever-

age analyst at ING Baring.

Ms Agnew believes entry into Brazil - whose 150m consumers and newly-found economic stability makes it Latin America's most exciting prospect - will not be easy. Brahma and Antarctica, Brazil's other big brewer, have forged strategic alliances with the US companies Miller and Anheuser-Busch respectively. and Heineken already has a stake in Kaiser, the country's

in neighbouring countries. In Paraguay, where market share third biggest brewer. Mr Morita acknowledges the had fallen because of a shortpotential of Brazil, but says age of capacity, the company ned a plant near Asunción Quilmes will not be drawn into this January. In the first half of 1995, market ahare jumped attacking this market merely for the sake of "symmetry" to emulate Brahma's encroachsix points to 64 per cent. ment on Argentine turf. "We In Chile, where Quilmes produces Becker and Báltica are constantly in contact with

has pushed hard to boost sales

"But we will make the moves in a carefully planned way."
Quilmes served notice earlier this year that it was prepared to pounce on opportunities, when it agreed to put up \$230m as part of a bid for Labatt. Although Interbrew of Belgium

Quilmes consortium, Mr Morita demonstrated his company's global ambitions. Femsa, the Mexican brewer in which Labatt held a stake, was by no means the only motive for Qullmes interest, Mr Morita says. Just as important was Labatt's management skills in Canada's mature market, which would have comple-

subsequently trumped the

mented Quilmes expertise in the fast-growing Latin American environment. "The reason they jumped for Labatt is that, with the brew-ing business going global, they need a global presence, and there really aren't that many options around," Ms Agnew

Mr Morita agrees, saying Quilmes is "very opportunistic" and likely to make an acquisition soon. "We will focus on Latin America. But should opportunities arise outside the region," he warns, "we will jump.

This is the first in series of brewing companies

T-D Bank pays more on record earnings

Toronto-Dominion Bank has opened Canadian banks annual reporting season with record earnings and its third dividend increase in two

Net earnings climbed from C\$683m, or C\$2.14 a share, to C\$794m (US\$586.5m), or C\$2.51, for the year to October 31. Return on equity rose from 13.3 per cent to 14.3 per cent and return on assets from 0.73 per cent to 0.76 per cent.

The quarterly dividend was raised from 22 cents to 25 cents a share.

T-D is the second smallest of the aix big Canadian banks with assets of C\$108.8bn on October 31.

Loan loss provisions almost halved to C\$180m, the lowest level in more than a decade, The non-performing loan port-folio stood at C\$70-Im on October 31, down from C\$727m a

year earlier. Fonrth-quarter earnings grew 15 per cent to C\$226m. In addition to lower credit writedowns, the improvement was ascribed to record fee income. gains on securitles invest orticles on Latin American ments, and stronger retail and US banking business.

Cott shares plunge after surprise loss

By Bernard Simon

Cott, the Toronto-based private-label soft drinks maker, lost almost a quarter of its market value yesterday after stunning the market with news of unexpected losses, a hefty restructuring charge, and a retreat from several busi-

The setback is the culmination of gradually growing doubts about Cott, whose rapid growth over the past three years has strained its resources and drawn an increasingly aggressive response from competitors.

Cott has been in the vanretailers to replace brand-name beverages, notably Coca-Cola and Pepsi-Cola, with their own labels. The private-label concept is based on the argument that retailers enjoy wider margins and more control over dis-

tribution and marketing. Cott's annual sales have soared from C\$43m in 1990 to C\$1.3bn (US\$960m) this year. But critics have accused it of aggressive accounting practices and unreliable profit fore-

Mr Gerald Pencer, chairman, said yesterday: "Our focus now is to increase our profits, and quickly." He said future sales growth would be limited to about 15 per cent a year. Sales for the third quarter ended October 28 are estimated by management at C\$\$40m, or 31 per cent higher than a year

Third-quarter operating

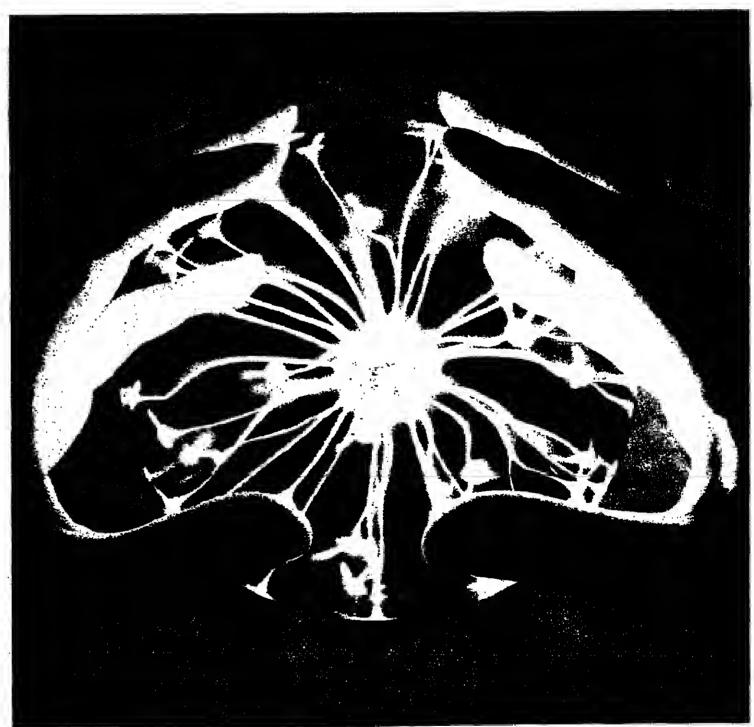
Share price relative to the

losses are estimated at C\$2.5m. ing charges. A further C\$32m will be charged against fourth-quarter income. Net earnings for the full year are expected to slide to about C\$5m from C\$34.8m.

Source: FT Entel

Cott's shares were trading at C\$6.88 on the Toronto stock exchange yesterday, down from their late-1993 peak of Ms Jennifer Solomon, ana-

lyst at Josephthal Lyon and Ross in New York, said: "What we've had from this company all along is lots of surprises. In the past, it focused on top-line growth as opposed to profit growth. Now that's changing." Cott plans to cut its workforce of 2,000 by about 11 per cent. It will focus on North America and the UK, shelving plans for further expansion in east Asia and continental Europe. Asset sales are expec-ted to raise C\$85m. When worldwide connections matter, you're in safe hands with UBS.



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ASIA-PACIFIC NEWS DIGEST

Fairfax warns of lower earnings

By Nikki Talt in Sydney

John Fairfax, the Australian newspaper publisher, yesterday warned shareholders that it was looking at a "modestly lower profit" in the 1995-96 financial year, compared with

the previous year. It blamed the slowdown in economic activity in Australia. noting that its advertising atreams were "highly sensitive" to general economic

trading environment is being would be some resurgence in

compounded by the substantial increases in newsprint and coated paper costs," Sir Laurence Street, chairman, told the annual meeting.

He said that in the first quarter of the current year, newsprint cost increases had averaged 22 per cent, and for coated paper, 42 per cent.

The chairman added that uncertainty surrounding the timing and outcome of the next federal election in Australia would also affect business and nsumer activity, but that "The impact of this difficult Fairfax remained hopeful there

the economy in the second half. In 1994-95, Fairfax made an after-tax profit of A\$147.3m (US\$109.8m).

After the meeting, Mr Conrad Black, the Canadian media proprietor who owns 25 per cent of Fairfax, said he was hopeful the profit fall would be fairly small.

"I'm hopeful it will not be as much as 10 per cent. If it is, it's just an aberration," he said. Mr Black also suggested that the prospects for his Telegraph group being allowed to raise its stake in Fairfax - currently pegged at 25 per cent by Aus-

tralia'a rules on foreign ownership of the media - were improving.

"I think the probabilities are good and I think the climete has changed for the better just in the last couple of years," he said. "We assume that our case will be judged positively eventually," he added.

Fairfax has two other media proprietors on its share register: Mr Kerry Packer, the Australian businessman, with a stake of about 17 per cent, and Mr Rupert Murdoch, with an interest below the 5 per cent disclosure level.



Conrad Black: hopeful profit fall will be fairly small

Philippines government under fire over its oil policy

Price-pegging is hitting profits and balance sheets of the country's three leading producers

tion of petrol prices in the Philippines has all but guaranteed a poor financial year for the country'a

three oil companies. The government, confronted with threats from splinter leftwing groups, bas repeatedly backed down from approving higher oil prices - most recently this week.

The three companies -Petron, the privatised concern 40 per cent owned by Saudi Armaco; Pilipinas Shell, the local arm of the Anglo-Dutch group; and Caltex (Philippines) estimate that the oil price buffer fund, a reserve designed to shelter the Philippines from global price fluctuations, will hit 7.6bn pesos (US\$270m) by

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The mounting deficit, which is funded by the three companies who are then repaid by the government minus interest charges, has hurt Petron's balance sheet this year and is expected to eat into 1995 net profits at Shell and Caltex.

In a letter to the minister of finance, which was released yesterday, Mr William Tiffany, chairman of Caltex Philippines, complained that the growing buffer deficit had put the company in a "precarious cash position"

Petron receotly announced uet profits of 1.97bn pesos for the first nine months - which was 25 per cent below last year's results - and this week lts sbares touched a low of 10 pesos as the market reacted

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to the government's footdragging. However, analysts point out that Petron's price/ earnings ratio of 24 is still well above the market average, suggesting the share price could still have a downside.

"We are all suffering finan-cial losses from the price increase delay," says Mr Reinier Willems, chief executive of Pilipinas Shell in Manila, "We are having to borrow large sums of money to cover the buffer fund shortfall, bot will only be repaid the principal of the debt we have incurred," be

Having so far borrowed about US\$80m to fund its share of the deficit, Shell'e losses would be more than US\$10m on an annualised basis. The government, which has

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By: The Chase Mankatian Bank, M.A. Lundon, Agent Bank

November 24, 1995

pledged to increase petrol prices in the first quarter of 1996, is committed to the full liberalisation of the oil industry by January 1997.

However, concern over rising inflation - which hit II per cent last month owing to the near doubling of rice prices and the introdoction of an expanded sales tax next year have led many to question its commitment to more realistic

"The best-case scenario Is that world crude oil prices fall by so much between now and next January that the oil price increase becomes unnecessary," says Mr Joey Salceda, chief researcher at SBC Warburg in Manfla. "Either that, or the government pays its debt to the oil companies before the

end of the year."

The Philippine congress, which this month approved a measure appropriating 10hn pesos of taxpayer's money to restore the buffer fund to surplus at an unspecified date. is expected to approve an oil liberalisation bill within a

The law, which would break up the oligopoly by opening the market to other foreign groups, would abolish the buffer fund and put an end to subsidies. Tariffs on imported crude of would fall from 10 per

Top 10 by sales

cent to 3 per cent, thus soften-ing any impact of the much-

awaited oil price rise. For the three oil companies, the prospect of moving to a full market pricing regime in the next 15 months is a distant consolation for the growing drain on their 1995 balance

In addition to the buffer fund debts Caltex and Shell have high debt-to-equity ratios, having borrowed heavily to fund the construction of refinery plants.

arlier this year, Sbell, which at 3.5 per cent is posting returns well below the 12 per cent limit imposed by the government on the ofl industry, completed the upgrading of its US\$650m refinery in Batangas, which has a capacity of 155,000 b/d.

Caltex, which recently announced plans to borrow more than US\$600m for a similar expansion scheme, is thought to have a high gearing ratio. Neither company publishes details for their Philippine subsidiaries.

"Our substantial longer-term borrowings, which were originally intended for our refinery expansion project. have been diverted to meet our cash flow problems [on the buffer deficit]," says Mr

Top 10 by profits

San Miguel

Napocor J.G. Summit

Ayala Corp Pagcor Petron

PLDT

THE PHILIPPINES LINE-UP

(Pesos bri)

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Tiffany in his letter to the

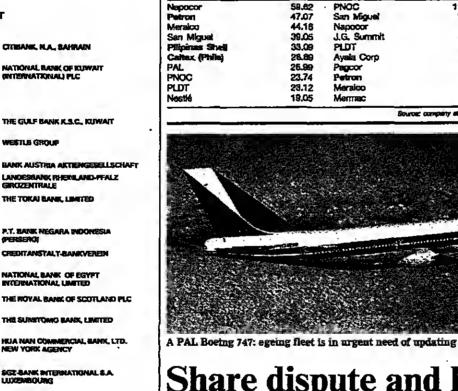
government. Petron, which through a conservative accounting policy does not calculate the money owed it by the government on its balance sheet, has a lower gearing ratio but is thought to be vulnerable to the onset of full-blooded competition.

The privatised company. which remains 40 per cent owned by the Philippine government, has steadily lost market share to its two competitors and is expected to be put under heavy pressure once new groups emerge.

Exxon, Coastal Petroleum and Mobil, all of the US, have expressed interest in a share of the Philippine market once prices have been deregulated.

"Some people eay that Petron's shares are for widows and orphans because big utilities guarantee regular long-term dividends," says Mr Noel Reyes, e researcher et Dharmala Securities. "But I would advise even the widows and orphaus to steer clear of Petron at least until the buffer

Edward Luce



Share dispute and higher costs keep Philippine Airlines in red

Philippine Airlines, the troubled national carrier, innounced another set of weak results yesterday. It recorded a loss of 909.5m pesos (US\$34.7m) for the first six months of its

financial year.

The losses, which were not accompanied by comparable figures for the same period last year, follow a net loss of 1.72bn os for 1994, almost three pesos for 1994, annos. times as much as in 1993.

PAL executives, who have been prohibited by the courts The former state-owned air-

dispute earlier this year, said it was lobbying the government to permit 50 per cent fare increases on the domestic

deregulation of the domestic by the scrapping of obligations on PAL dating from the preprivatisation era.

the airline, against the stake in the holding vehicle he

The Philippine Securities

frozen all capital-raising plans until it has ruled on the legality of Mr Tan's stake

"PAL is going to continue to lose money until the SEC rules one way or another," a PAL executive said yesterday. "The problem is that whichever way it rules, the losing party is bound to take it to the supreme court, which means our agony will be prolonged even more.

PAL's ageing fleet of Airbus 300s and Boeing 747-400s is in urgent need of updating. Punitive borrowing rates stemming from the bitter tussle over share ownership suggest that the national carrier's only realistic hope is to await the resolution of the share dispute before going ahead with the 2.5bn peso capital infusion

Agreement close on BTR Nylex deal

Shareholders in BTR Nylex, the Australian-listed arm of BTR of the UK, were yesterday understood to have approved the scheme of arrangement allowing BTR to mop up the 37 per cent of BTR Nylex it does not already own, at a cost of about A\$4,48bn (US\$3.3bn).

Official notification to the Australian Stock Exchange of the voting outcome will not take place until today. However, proxy votes have been heavily in favour, with about 454.4m shares voted in support of the scheme and less than Im shares opposed to it.

Mr Alan Jackson, BTR Nylex chairman, told shareholders the acheme would significantly enhance the combined group's potential for global growth, particularly in the Pacific Rim and south-east Asia. He also indicated that, with Australia expected to see lower growth rates than in the 1980s, BTR Nylex needed to invest offshore.

"Three per cent growth on a gross domestic product basis is not something that will excite any of us, and we can all do better with our money than that. So we will need to invest outside the country to see the growth," he said.

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Restructuring at Coles Myer

Coles Myer, the Australian retailer which recently has been the focus of institutional concerns over corporate governance standards, has announced an internal restructuring under which its 12 retail businesses will be consolidated into two

operating divisions. One division will be headed by Mr Dennis Eck, currently managing director of the supermarkets business. This unit will take in the supermarkets, Kmart discount stores, Red Rooster restaurants, and the Liquorland and Officeworks chains. The second will include the more upmarket department stores, and the Katies and World 4 Kids chains. This will be headed by Mr Peter Wilkinson. There will also be separate property and retail services divisions.

Coles said it was promoting Mr John Schmoll, currently group general manager for accounting and planning services, to chief financial officer.

That position was left vacant following the acrimonious departure of Mr Philip Bowman, who had joined the Australian group only months earlier from Bass of the UK.

Ansett sells TNT holding

Ansett, the Australian airline, has sold its entire holding of TNT shares for A\$44.1m (US\$32.9m). The sale, announced vesterday, comes less than a week after TNT, the Australian transportation group, announced it had reached an outline agreement to sell its 50 per cent interest in Ansett to Air New Zealand in two tranches, for A\$425m.

Ansett's 23.1m shares in TNT were sold through the market at A\$1.91 shortly before the close of trading yesterday. "The proceeds of this transaction will provide additional liquidity and profit benefit for the Ansett group," Mr Graeme McMahon, chief executive, said.

According to Ansett's last accounts, the equity bolding was carried in the books at A\$34.8m. TNT's shares closed three cents lower at A\$1.95 yesterday.

Record profits for steelmaker

A buoyant market for India's steel products has helped Tata Iron and Steel Company, the country's biggest private steel company, to record earnings in the first half, with after-tax profits more than doubling to Rs2.01bn (\$57.8m), against Rs868m a year earlier.

The company, the flagship of the Tata group of businesses. reported growth in both production and sales in its core steel products and announced an improvement from its new cement division, where sales rose 159 per cent to 443,200 tonnes from a year ago. Tisco said earnings from cement, which has been e loss-making division, were "significantly better".

Overall turnover rose 29 per cent to Rs24.9bn in the first half, with steel sales volume up 21 per cent to 1.1m tonnes from 913,000 tonnes a year ago. Sales of hot rolled coils almost doubled from 143,000 tonnes a year earlier to 282,000 tonnes. It said steel production rose from 1.08m tonnes to 1.32m.

The company also reported a 32 per cent improvement in export earnings from \$74m to \$94m, compared with the first

■ Mukand, the Indian steel products manufacturer, posted a net profit of Rs161.12m for the first half, up 55 per cent from

the Rs140.01m earned in the first half of the previous year. Sales advanced from Rs3.97bn to Rs4.83bn.

Mark Nicholson, New Delhi

Indian aluminium group ahead The Indian Aluminium Company Limited, in which Canada'a

Alcan Aluminium holds a 34.6 per cent stake, posted net income of Rs482.7m (\$13.8m) for the half year ended September, an increase of 41 per cent over last year. Sales improved 23 per cent to Rs4.8bn. Exports, which

account for 18 per cent of net sales, grew to Rs850.4m, an increase of 36 per cent over last year. Earnings per share climbed from Rs9.65 to Rs13.57, while the interim dividend bsa been pegged at Rs2 a share.

The company said an improved performance at its power station in Hirakud, Orissa, and at the the company's smelter in Belgaum, Karnataya, increased the production of primary aluminium by 58 per cent on last year.

Indal plans to expand alumina capacity at the two alumina plants by 40,000 tonnes at a cost of Rs302m. The expansion will nclude improvements to significantly reduce operating costs. The company also plans to install new equipment at a cost of Rs168m to increase production of laminated foil and packing Shiraz Sidhva, New Delhi

Videocon result disappoints

Videocon International, India's leading consumer electronics manufacturer and the largest company in the Dhoot family'e Videocon group, lifted its net profit by 4.5 per cent to Rs451.5m (\$13m) in the first six months to end-September from a year

Group sales climbed from Rs5.3bn to Rs7.6bn, an increase of 43 per cent. Analysts described the rise in net profit as disappointing but not unexpected.

Analysts have downgraded most companies in the consumer

appliances sector because profits have been eroded by high promotional expenses as a result of fierce competition. The entry into the sector of multinational companies such as Sony will also cut into the market share of these companies, analysts say. Videocon International makes and distributes televisions

and audio products. It also markets washing machines, air-conditioners and refrigerators. AP-DJ, Bomboy

CG Smith ahead 33% for year

By Mark Ashurst

C. G. Smith, the South African industrial group, lifted pre-tax profits by 33 per cent to R2.02bn (\$554m) for the year to and September, helped by improved margins and a strategy of concentrating on its core businesses. Earnings per share rose 30 per cent from 106 cents to 137.4 cents, and the dividend for the

Attributable earnings after tax totalled R1.3hn, of which R647.8m was ettributable to

shareholders in the holding company.
Sales rose 13 per cent to R33.6bn, comprising 3 per cent volume growth in the food processing operations and 9 per cent in paper and packaging

rise in operating margins from 6.1 per cent to 7.2 per cent, resulting in a 30 per cent rise in operating profits to R1.2m. He forecast a less marked increase in earnings in 1996, year was lifted from 36.8 cents Nampak, the mainstay pack amid difficult trading to 48 cents. Restructuring in aging operation, posted a 34 tions in the food sector. amid difficult trading condi**BUSINESSES FOR SALE**

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operations.

DURBAN ROODEPOORT DEEP, LIMITED Results of the rights offer Rand Merchant Bank Limited and Société Générale Strauss Turnbull

been received in respect of 1,721,212 linked units, each linked unit comprising one convertible fixed rate (8%) preferred ordinary share and one option to subscribe for one ordinary stare, at 3,000 cents per linked unit ("the issue price") in terms of the rights offer made by Durban Deep, which closed on Friday, 17 November 1995. In addition, applications have been received in respect of 134,769 linked units from Durban Deep shareholders or their renouncees who wished m take up more than their entitlement to linked units ("excess applications"). Excess applications have been accepted in full by the directors of Durban Deep. The total number of linked units subscribed and applied for by Durban

Deep shareholders or their renouncest represents 70.3% of the total number of linked units offered. Société Générale Strauss Turnbull Securities Limited has accordingly

procured subscribers for the balance of 784,019 linked units at the It is expected that certificates in respect of the preferred ordinary

thares and options issued pursuant to the rights offer will be posted on

Sandton 24 November 1995



Monday, 27 November 1995.

LIMITED wing Number 68/15983/0 Resistered Back

MERCHANT BANK STRAIRS TURNBULL SECTION

LEGAL NOTICES

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line, which was hit by a labour

from executing a 2.5bn pesos capital rescue plan because of a dispute over share ownership, said higher maintenance costs and operating expenses were behind the disappointing results for the first half.

flights it is mandated to fly. Airline executives also com-plained that the government's air industry, which has seen the entry of several local rivals, should be accompanied

Industry analysts, however, say the share dispute is the main obstacle to restoring PAL to profitability. It has pitted Mr Lucio Tan. chairman and owner of a 67 per cent stake in government, which contests Mr Tan's right to speak for its

the food division produced e per cent rise in operating profit net extraordinary charge of on the back of improved



Appear in the Financial Times Mr Robble Williams, group vice-chairman and chairman of For further information or to advertise in this its core food subsidiary, said improved productivity at C. G. Smith Foods had led to a

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and Michael Physics

COMPANY NEWS: UK

Slump in forex volume Improved expected to hit Exco

By Patrick Harverson

The slump in trading volumes on world foreign exchange and money markets caused more blood to be shed in the City yesterday when Exco, the moneybroking group, issued a profits warning and said it was taking further steps to cut

Those steps are likely to involve further redundancies and pay cuts, although the group - which saw its shares drop 21p to a new year low of 120p would not be drawn on how many more jobs might have to go. Exco said it would take a £4m (\$6.3m) restructur-ing charge to cover the costs. The group has already saved

£15m this year by reducing its headcount by 218 to 1,586 and slashing pay packages in an attempt to bring costs more into line with the lower levels of trading activity.

Analysts yesterday lowered their full-year profits forecasts from about £31m to between £20m and £25m, against £43.5m

in 1994. The downgrades fol-lowed Exco's warning that turnover this year would fall by about 13 per cent, leaving annual profits "markedly" below current market esti-

Despite the bleak outlook, Exco said it would be able, barring "unforeaeen circum-stances", to pay a final divi-dend of 6p and maintain the 500 -17

the financial information

group, and EBS, an operator owned by a consortium of com-

mercial banks. The increased

competition and the general

deterioration in market condi-

tions has forced many firms to

lay off brokers and cut staff

Yesterday's profits warning

is the latest setback for Exco,

which only returned to the

stock market in July 1994.

NW Water

wages and bonuses.

justifies

dividend

increase

By Peggy Hollinger

North West Water yesterday

became the first of the 10 water

and sewerage companies to jus-tify its dividend increase to the

industry regulator as it

announced an 11 per cent rise

in the first-half payment and

total annual payout at 9p. Mr Peter Edge, chief executive, said cost-cutting at Exco was an "ongoing process". He said: "This is not a knee-jerk reaction. We are steadily trying to bring down the cost base

and become more efficient."
Exco and other City brokers
have been hit hard this year by reduced volatility on financial markets, a fall in currency and government bond trading by banks, and declining brokerage commission rates.

Also, on the spot foreign exchange market, the traditional brokers have lost business to newer electronic dealing systems run by Reuters.

margins boost **Storehouse**

By David Blackwell

A strong performance from Mothercare and improved mar-gins helped Storehouse lift interim profits by more than 40 per cent in spite of a slight fall in sales.

The group, which also owns the BHS chain, boosted pre-tax profits from £24.2m to £24.5m (\$54.5m) for the 28 weeks to October 14. The latest figures include an exceptional gain of 21.2m from the disposal in June of the One-Up discount

Sales were flat at £519.1m (£518.2m), parily reflecting the affect of the disposal. However, like-for-like sales at BHS were 3 per cent down. This has not been an easy

half," said Mr Keith Edelman, chief executive. "The market has been unremittingly com-petitive and the less said about the weather the better."

While sales in October had been slow as the hot weather lingered, they had picked up this month. While not counting on any rise in consumer expenditure, given a reason-able Christmas Mr Edelman was "cautionsly optimistic" about the second half.

Operating profits at Mothercare more than doubled to £9.3m (£4.2m) on sales ahead from £155m to £164.9m. Lower mark-downs after a clearance of clothing stocks in the previous first half resulted in an improvement of 3.1 percentage points in gross margins. Gross margins at BHS rose by 1.5 percentage points, reflecting better stock management and changes to the loyalty discount card scheme, which also better than expected interim | affected sales.

Granada's strategy 'hugely flawed' and offer 'inadequate' Forte denies further approaches

and Raymond Snoddy

Forte, tha UK's largest hotels company, yesterday attacked Granada Group's 53.3bn bostile bid as "hugely inadequate". It said the TV and leisure company's strategy for Forte was hugely flawed

Sir Rocco Forte, chairman and chief executive, said that Granada's bid was "two years too late". He was scathing about the experience of Mr Gerry Robin-

son, chairman designate of branded products. Lord Porte, 87, Str Rocco's father and the man who founded the empire, is taking an active interest but not an

strategy.
"It would be a fool who didn't ask his advice and if we didn't have it we'd have to pay a fortune for it," said Mr Rich-

ard Power, director of commu-

active role in Forte's defence

eries which divided the board of what was then Trusthouse Mr Power said Mr Robinson

"had all the hallmarks of someone who doesn't understand the hotel business and bow marketing and branding work". Forte would continue with its strategy of turning the company from a conglomerate, as it was two years ago, into one focused on hotels and catering, he said. The company has strongly advised its shareholders to reject the offer. While a possible defence

strategy for Forte was to look for a "white knight" in the form of a bid from a friendly

Forte said it had not been approached by Suntory, the Japanese brewer, and had received no offers from any company other than the "unso-

Lord Forte saw off the 1971 hostile bid from Allied Brew-

company, there was none on the horizon yesterday.

licited and unwelcome" hostile bid from Granada. Several analysts said yesterday that Forte bad a tough fight on its hands. The bld

Sir Rocco Forte: continuing

£321.67p per Forte share. Granada has said that it would dispose of Forte's 68 per cent stake in the Savoy group, the remaining Forte stake in Alpha Airports and the motor-

way service stations. It would also be open to offers for some of Forte's trophy hotels.

Mr Alex Kyriakidis, partner in charge of leisure worldwide at Arthur Andersen, the accountant and business con-sultant, doubted that Granada would find buyers easily for the large number of tropby hotels owned by Forte.

Most observers agree Granada would have to increase its offer if it wanted to clinch the deal. Mr Russell Kett, director at HVS International, a Lon-don-based hotel and valuation consultant, said that the value of Forte's London hotels would have increased by at least 25 per cent since they were last valued in January 1994.

Fall in interest charge helps TLG

In its first full half as a public company, TLG, the industrial lighting equipment manufacturer floated in November last year, reported pre-tax profits more than doubled from £4.4m to £11.4m (\$18m).

The profits, achieved on turnover up 11 per cent to £186.3m (£167.9m), were helped by a significantly reduced interest charge, from £5.2m to £600,000, following the flota-

Mr Hamish Bryce, chairman, said the group had also improved its cash flow generation and that it was un-geared.

market growth in European lighting although the market in Germany had contracted by 5.9 per cent. However, Mr Bryce said TLG's sales in Germany only fell 2.3 per cent, indicating a rise in market share.

Sales in the UK rose 7 per cent for operating profits up 12 per cent while the rest of Europe saw sales rising 13 per cent with operating profits up 34 per cent.

Mr Brian Staples, chief executive, said the company had taken the view that the best In Asia, operating profits rose 38 per cent on sales up 16 way to unlock shareholder value was to endorse the regu-Earnings per share expanded lator's stance, "not to fight

North West said its dividend increase had been based on normal business growth and out-performing of regulatory

Littlewoods warns

Littlewoods, the UK's biggest family-owned company, is urging shareholders to vote against co-operating with a potential external takeover bid, and offering to buy out any who wish to sell their holding in a share buyback worth up to £250m (\$395m), writes Neil

by the 32 shareholders yesterday, also includes a warning that current-year profits will be "soma way below last

Microsoft stake

Microsoft has placed all of its 17.9 per cent stake in Dorling Kindersley, the UK reference book and CD-Rom publisher. with British and continental European investors. The US software group raised £51m.

Peptide float

Peptide Therapeutics, the biopharmaceutical company, yesterday priced its shares at 200p, giving the group a flotation value of about \$68m. at the high end of expectations. Mr John Brown, financ director, said the placing had

RESULTS 6.62 0.811 19.18♥ 6.678 4.3 22.8 3.54 68.5 8.71 393.7 2.75 13.9 28.7 Yr to Sept 30 6 miths to Sept 30 8 miths to Sept 30 6 miths to Sept 30 6 miths to Sept 30 (37.5.) (11.7.) (348.9.) (3.11) (13.8.) (25.4) (150.65.) (8.29.) (14.4.) (16.4.) (16.4.) (16.4.) (16.3.) (16.3.) (16.7.) (16.7.) (16.7.) (16.7.) (16.7.) (16.7.) (4.24) (7.94.4) (7.94.4) (9.058) (2.77) (9.565) (9.104) (1.96.4) (1.96.84) (2.63.4) (1.96.84) (2.124) (2.124) (2.124) (4.4) (9.716) 0.4 0.35 12.4 17 0.3 1.9 0.45 10.65 25.55 6 miles to Sept 30 6 miles to Sept 30 6 mths to Sept 30 * 3.54 0.4074 0.748 4.029 1579 3.65L 13L4 8.524 34.59 0.225 11.4 1.13 torth West Water . On Declard Info § On Decrept Info Powell Duffryo 6 miles to Sept 30 6 miles to Sept 30 Yr to Sept 30 10.8 EPS (b) 1,69L 4,67 1,52 1,21 (0.089L) (1.54) (0.228) _(·) (150.1) (71.1) (117.9) D.127L 9.6 0.29 2.1 0.350 0.659 . 8 mths to Oct 31 132.4 _ 57 Was to Dct 31 83.63 Morray Emerging _ (95.5‡)

LEX COMMENT Amec stake

The purchase by Norway's Kvaerner of 10 per cent of Amec, the UK construction like the start of a hostile bid. This is a rare event in the UK construction industry. not least because there is little reason to buy into this struggling, low-margin business. A Kvaerner bid would bave some logic, though. Amec's overseas operations would help Kvaerner's push into new markets, while Amec's expertise in project management would be useful within Kvaerner's oil rig business. But unless the Norwegian company plans to sell or shrink the low margin UK

company, yesterday smalls Building and Construction tridex

contracting business, it is hard to see value in a deal. Amec's management will have to struggle to convince shareholders that the company is worth more than the £1 a share paid by Kvaerner in the market so far, investors have watched the stock under-perform the sector as well as the market in

the last few years.

Hints of a deal with McAlpine suggest there is an alternative route. But neither of these UK companies are exactly the jewels in the crown of the construction industry. To reject an offer of £1 a share, or 45 times 1995 earnings, investors would have to be confident that earnings growth wouldimprove rapidly. This cannot happen without some removal of the industry's chronic overcapacity. Wimpey's asset swap with Tarmac may point the way, but it will not reduce capacity. Rationalisation is much talked about, but investors should remain sceptical until it is actually happening.

to look at investment in Russia

Earnings shown bests. Dividends shown net. Figures in brackets are for corresponding period, After except Affective Afforeign Income dividend, SUSM stock, or Excludes 3.8p special dividend, or Comparatives resi

The Russian Federation is launching a new phase in its privarisation

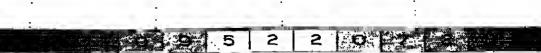
programme, providing new opportunities for international investors.

Having completed the mass privatisation stage, the Government will now sell its residual shares in thousands of privatised companies across a range of industries at cash auctions and through tenders.

Investment in Russia benefits from the progress of economic stabilisation, enterprise resttucturing, development of the capital market, and legal and regularory reform.

This is a major opportunity for international investors. In this new step forward in Russian privatisation, international bidders on enterprise shares will, in most cases, have equal opportunity with domestic investors.

Russian Cash Aucrion Information Service - fax:



Take time to look at the investment opportunities in Russia.

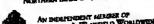
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Office: by Paul Cheeseright

Locals take the lead

The institutions have proved willing to back regional developers' schemes

If there is a new office development in the East Midlands, the chances are that the property company behind it will come from within the

The overweening confidence which led London developers in the late 1980s to spread their sctivities over the regions, often with damaging results to themselves, has passed. Specu-lative developments are rare.

To a large extent the competition you come across on most of the sites are regional developers," says Luke Pickering, director of the Lincolnhased Simms Estates His company is developing the Island site in Nottingham. It is, he thinks probably the biggest office development in Nottingham, at 360,000 sq ft, since the second world war. But the reinctance of London

developers to become involved in the market does not spply to the financial institutions. There's been an increase in institutional demand. Offices have been fashionable in the last couple of years. It's perceived that Nottingham rentals will grow. Nottingham particularly has been picked out as the East Midlands town with the most growth potential," Mr Pickering says.
The Simons development has

behind it the Gulliver Development Property Unit Trust. The other large office development

tion of the old General Hospital into 265,000 sq ft of office by Comfort House, has behind it Royal Insurance.

Investors looking for office properties in the East Midlands would tend to look towards Nottingham. The city is the largest element of the fragmented regional office market based also on Derby, Leicester, Lincoln and Northampton. For all that, Nottingham is a small market. The total office stock of the city is about 5.5m sq ft. roughly the same as that of Cardiff or Newcastle, but smaller than that of Bristol and about 33 per cent of the size of the Birmingham market. Compared with London it is a minnow.

As an investment, offices in the region have performed erratically. In the hayday of the 1980s proparty market. total returns reached at one stage 35.6 per cent a year. according to Investment Property Databank. But this decade the figures have been less heady: 6.5 per cent in 1991, 3.6 per cent in 1992, 18.3 per cent in 1993 and 18.2 per cent in

Part of tha expectation of rental increases comes from the fact that office development across the region has been at a low ebb. Jones Lang Wootton, chartered surveyors, noted that with minor exceptions there had been no recent new developments in either Derby or Leicester. Those in Loughborough have tended to be associated with the university. In Northampton, interest has been in offices out of the centre rather than in it. In Lincoln, there is no speculativa

The recovery in export-led manufacturing has not spilled into other sectors of the economy, engendering the willingness to undertake office expansion. But that general point does not mean that there has

in Nottingham, the transforma- been no demand for new office

The Nottingham market. reports Nick Ehbs of Innes England, chartered surveyors, in the last 18 months has seen commitments made on 270,000 sq ft of new or modern office space. "The general churn" on the market, as he puts it, was between 50,000 and 75,000 sq ft.

But these have been exceptional timas. "It is an extremely lumpy market, with years of feast and famine, very much driven by its own pecu-liarities," says Mr Ebbs. These peculiarities concern both the arrival of the Inland Revenue, taking up its space in new and

Car parking is easier in off-centre sites

distinctive buildings, and the fact that 25-year leases taken by government departments in the early 1970s have been running to their explry.

The departments have been aking the opportunity to move into better accommodation the Benefits Agency and the Health and Safety Executive into the redeveloped Pearson's department store building for example. This has led to a glut on the market of 1960s and 1970s buildings, a characteristic also of Derby.

Mr Ebbs calculated that 13 buildings, providing about 400,000 eq ft of space will be arriving on the Nottingham market over the next two years. This factor, combined with the likelihood that government demands for space will fade after the present round of reorganisation, could suggest that the market will be

But that is not necessarily the case for the highest grade accommodation. There is likely to be a continuing undercur rent of demand from the private sector for more efficient space than that provided by 1960s and 1970s buildings with their confined spaces and frequent lack of flexibility to accommodate the latest communications demands.

Nottingham will have its share of that demand. Indeed, it has already been manifest hoth in the city and other

regional centres.
For example, CCN, the credit scrutiny group, is taking in three phases more than 90,000 sq ft at Riverside Business Park, a development by Wilson Bowdan, the property com-pany, and PowerGen, the utility. Riverside is outside the Nottingham city centre.

Similarly Anglian Water has taken 60,000 sq ft at Simons's Witham Park project, just off the Lincoln centre. Texas Instruments, Barclays Bank and Barclaycard have taken or are taking space at the 53 acres Northampton Business Park,

now in the receiver's hands. It is in such off-centre sites that car parking is easier, that there can be a feeling of freedom from city centre congestion. Mr Pickering noted that at the Island site, on the edge of the centre, the car parking ration is twice as generous as that of the centre. But the offices are not built to the same specifications as those in the City of London. "Most demand is for non-airconditioned accommodation, but it is nowadays for minimum running costs and minimum maintenance," says Mr Pickering.

But there is also the basic commercial fact that the rents are not high enough to justify offices built with any extravagance. The top rents in the region are in Nottingham, but have not exceeded £12.50 a square foot for new or modern space. In Lincoln, the highest rents are around £9.00. Elsewhere they are around £10.

National companies primed for activity

this sector may be showing more life than the sluggish domestic economy

Land Securities, the UK's largest property development and investment group, is planning a 200,000 square feet retall cheme in Chesterfield, Derbyshire, writes Paul Cheeseright. MEPC, another of the larger UK property groups, is planning an overhaul of its

tre in Derby. These two examples illustrate the readiness of the big national companies to undertake retail developments in the East Midlands. This is a readiness which is not extended to

recently purchased Eagle Cen-

the offices sector. As Luke Pickering, director of Simons Estates, the Lincolnbased company, notes, there are nationally only 20 or 30 centres where you'd consider offices, but retail you can do down to the smallest town." The East Midlands, indeed,

may be seeing a repetition of the sequence of events in the property sector during the first part of the 1980s. Then the retail proparty sector was active in spite of the sluggish domestic economy. The relative strength of the retail property market proved to be a precursor of the sharp rise in all property values which took place in the second half of the

At the high point of the retail property market for institutional investors in 1988. tha total annual return on retail investment in the East Midlands was 29.2 per cent, according to the Investment Property Databank. Since then, in all the main retail centres of the region - Derby, Leicester, Lincoln, Northampton and Nottingham, total returns first declined sharply and then, since 1991-92, started to

recover. For the region as a whole, the average total return, after being a negative 7.9 per cent in 1990, touched 18.3 per cent in 1993 before slipping to 12.2 per cent in 1994, the Investment Property Databank reported.

Over the last year, said Healey & Baker, chartered surveyors, the compound rental growth for prime retail property has been 14.29 per cent in Derby and Leicester, 4.17 per cent in Nottingham, 3.13 per cent in Lincoln, but nil in Northampton. The average for the East Midlands has been 2.61 per cent against 2.00 per cent for the UK.

Looked at another way, rental growth has not uniformly returned to the levels seen at the peak of tha market. In the sector," he says.

Using an index based on 100 in This provides one element of June 1985, Healey & Baker cal- uncertainty for the retail propculated an index score for June 1995 of 263 for Nottingham, the largest centre of the region, and 267 for Derhy: those scores are the same as five years

While the Leicester score for this year at 235 was slightly higher than the 225 recorded in June 1990, Lincoln had slipped to 168 from 204 and Northampton had fallen to 232 from 246. The overall index score for the East Midlands was 214 in June 1995, compared with 225 five years ago.

The uneven performance notwithstanding, there is an air of expansion in the region. In Nottingham, for axampla, the Victoria Centre is being expanded by 135,000 sq ft to accommodate the House of Fraser. Marks & Spencer is extending its store from 60,000 to 106,000 sq ft.

Wilson Bowden recently completed the 170,000 sq ft Riverside Park in Northampton

In Lincoln, Simons and Barclays de Zoete Wedd Property Investment Management are ready to go ahead with the 195,000 sq ft St Marks East development on the edge of the city centre. If it goes ahead it will he probably the largest retail development in the city since the second world war and will have the effect of enlarging the city's prime shopping

In Northampton, Wilson Bowden recently completed the 170,000 sq ft Riverside Park, outside the city centre and Helical Retail is to go ahead with a smaller in-town scheme on Westgate. In Derby. Cordwell Land recently completed a scheme of 16 units.

This activity in the market, however, has a different quality from the end of the 1980s. when, as Brian Curtis of Jones Lang Wootton, chartered surveyors, points out, tha retailers were chasing growth in

"Now the major non-food retailers are trying to protect their market share and beat off competitors. The market is not growing, but there is activity in the marketplace with the retailers vying with each other. There is no significant growth erty market and tends to throw out some of the calculations of the planners

In Nottingham, for example the county structure plan. which sets out land use patterns, has forecast a need for an extra 850,000 aq ft of retail space to cope with the needs of both population growth and a steady rise in consumer spending. But neither of these factors has yet been in evidence, so that the perceived need of extra retail space in the years up to 2001 looks exaggerated, given that the existing stock of retail space is already about

1.75m sq ft.

At a civic level, the desire for new retail space is perfectly understandable. There is a fear that Nottingham's position as the main regional shopping area could lose ground to either Leicester or to the Meadowhall shopping centre near Sheffield, if such expansion does not take place. But, as Nick Ebbs of Innes England, chartered surveyors, notas, There are not a lot of opportunities for large scale development." Sites in the city are not

easy to find.

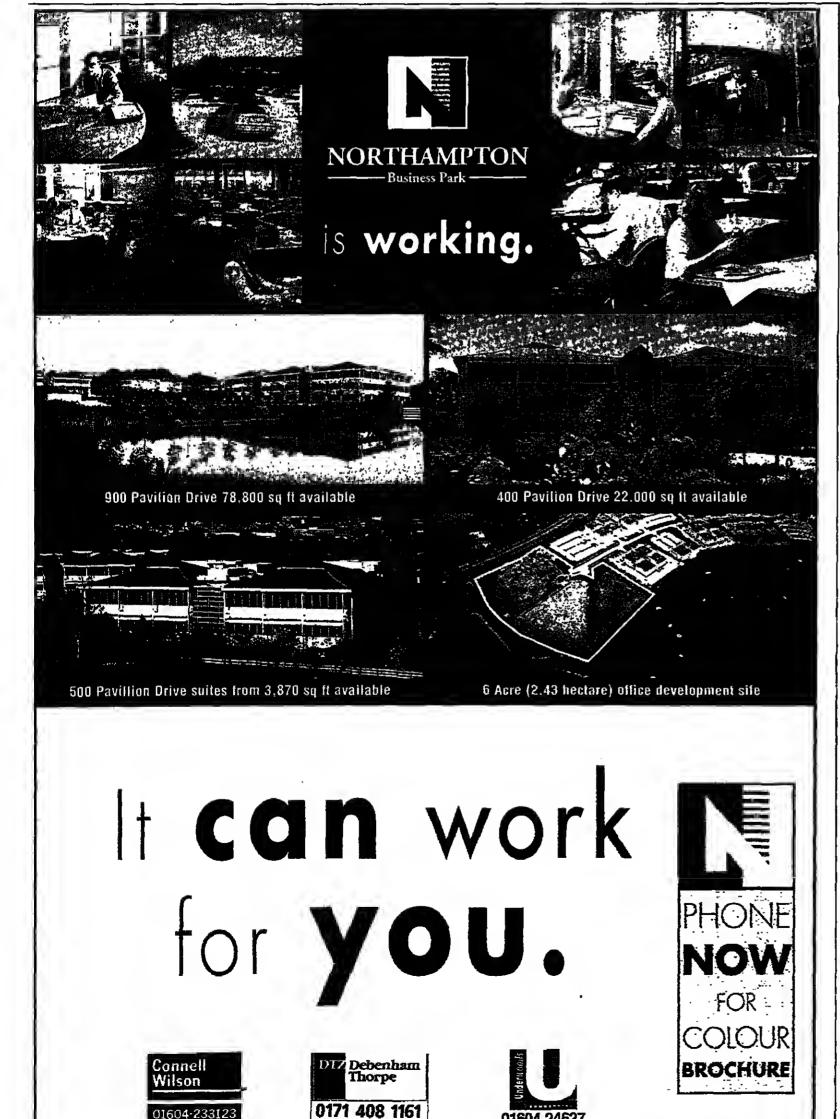
Planning for the future is made more difficult in another respect. Current government policy, articulated by John Gummer, the environment secretary, and enshrined in planning policy guidance, has come down firmly against develop-ment on the edge of, or out of, town centres where such development will weaken the viability of the centre.

HALIFAX

This is more of a problem in some centres than in others. Nottingham City Council has always set its face against such development anyway. The problem probably reaches its most acute form in Leicester.

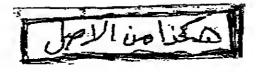
There a planned extension to out-of-town Fosse Park, adjacent to the MI motorwey, has a direct competitive impact on the traditional city shopping area, strengthened hy the construction of The Shires centre and where there are hopes of hastening the regeneration of the Bede Island district by the insertion of a strong retail ele-

Already the anvironment select committee of the House of Commons has charged that the diversion of trade from the city centre has not been fully researched. The Leicester expe rience, in relation to government policy, suggests that, as Simon Henshall of Connell Wilson, chartered surveyors, says, "any site with neither an existing planning consant and which is not zoned will find it increasingly difficult to get planning permission."



Chris Cooper

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FINANCIAL TIMES FRIDAY NOVEMBER 24 1995 *

BUSINESS PROPERTY

■ Industry: by Paul Cheeseright

Patience gets its rewards

Demand for space in the region is growing but distributed unevenly

The patient institutional investor with a taste for prop-erty who put money into the East Midlands industrial sector in 1980 has cause for a bittle self-congratulation. The fund would not be quite as well off as it would have been in north-ern England or Wales, but, in industrial property terms, it would be better off than in any other region

Analysis of industrial property capital growth and rental values by investment Property Databank shows that total returns on East Midlands industrial property were 13.2 per cent a year between 1980 and 1994, the third highest

regional performance. Since 1990, this performance has been carried by erratic movements in capital value. Rental values have been at best flat and in some years have declined. But the performances of individual properties will have shown wide variations, reflecting the nature of the region itself. While North--; amptonshire moves within the orbit of the Home Counties, the economies of Derbyshire, Leicestershire and Nottinghamshire are shifting away from traditional industry and absorbing an expansive distrihution sector, while Lincoln-shire, notwithstanding Lincoin's significance as an engineering centre, is an agricultural county.

"On the industrial-warehousing side, the majority of activity relates to the M1 corridor," notes Simon Jenkins at Jones, Lang, Wootton, chartered surveyors. But the nature of that activity changes.

Broadly, the extensive network of distribution properties atarts at Northampton and runs north through Leicestershire, its location dependent both on drive times to the main UK populated areas to the south and north. In this central part of the country, space is more important than access to the labour force.

But further north, along the M1, the emphasis changes so: onwards, industrial property activity is more closely related to manufacturing. Indeed, the necessity to generate new jobs leads the public authorities to encourage that.

There was a marked expansion of distribution activity during the 1980s, much of it prompted by the demands of the larger national retail chains. Magna Park at Lutterworth, in the triangle bounded by the M1, the M6 and M69 is the largest distribution centre in Europe with 7.7m sq ft of space. Where there is a motorway junction, there is a distridistribution parks by seeking to draw in manufacturing as well as freight-based activity. Elsewhere, says Mike Roper, DIRFT director, "distribution centres have not turned into manufacturing. They're not near enough the population

centres for labour." North of Leicester that changes and the importance of manufacturing grows. So too does the importance of the public sector. While the Commission for the New Towns is active in the Northampton land market - it has 110 acres for sale at Brackmills, for

opers have been looking for

government funding for help

with the cleansing and prepa-

ration of land made redundant

as industrial demands have

changed. Thus English Part-

nerships, the state regenera-

tion agency, is spending £6.5m

in a joint venture with Rodak at Sherwood Park, 165 acres

near Annealey, north Notting-

hamshire. This is a planned

Enterprise Zone, designed to

offset the economic effects of

coalfield closures, offering

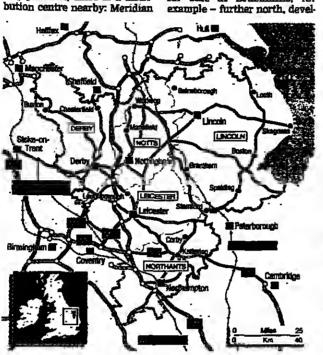
exemption from rates and 100

per cent corporation tex allow-

ances for capital expenditure.

It is also said to be examining

proposals for investment in



close to Leicester, Interlink near Coalville, Brackmills at Northampton.

More will come. One of the biggest will he the £200m Daventry International Rail Freight Terminal (DIRFT). being developed by Abbcott Estates on 350 acres. The rail terminal will be operational by summer 1997. Further south, near Northampton, Higgs & Hill, funded by Norwich Union, are planning the Swan Valley industrial and business park on 210 acres. Pillar Property Investments and Parlison Properties are developing AlMilink at Thrapston in Northamptonshire. DIRFT will be excepclose to the MI, between Nottingham and Derby. In Derby itself, a portion of

City Challenge funds - £37.5m over five years for the reganeration of a specific district - has been used since 1993 to prepare for development 180 acres of land used for coal gas production and railway equipment manufacture: This is Pride Park, the site of Derby's bid for the UK'a Millennium Exhibition, but also a potential mann-

site, once used by British Steel

Constitution of the contraction
facturing centre.

Behind the development of the large sites lurks the bope that a large inward investor might be attracted to the area. "If Toyota came along now, where could they go?" asks Brian Curtis of Jones Lang Wootton. Toyota bas constructed a new car plant at Burnaston, near Derby.

This points up one of the difficulties of the regional indus-trial property market. There is abundant property of little interest to footloose compa-nies. But "Derby, Nottingham and Leicester - if you came to me or my colleagues, looking for e building of 10-30,000 square feet - very, very stan-dard, to rent or purchase, you'd be appalled at the pau-city of the buildings available," saya Russeli Rigby of Innes

England, chartered surveyors. Bnt demand for space has been increasing. In Northampton, Connell Wilson calculated that this year it had let nearly 1m sq ft of industrial space, 30 per cent more than in 1994, but there is still two years of supply evallable at current rates of absorption by the market. By contrast, in the different economic conditions of Derby, this year has not seen so many deals as 1994.

The overhang of existing space has meant that industrial rents have been static. Top rents in Northampton are £3.50-4.00 per sq ft and about £4.00 in Nottingham. In Leices-ter, the highest rent recorded is £5.00.

But agents noted that these figures are illusory. There are always deals to be done - rentfree periods, capital inducements to take space and so on. Further, there is little inclination among prospective tenants, except for the largest, to sign leases of 25 years. Flexibil-

THE PROPERTY MARKET

ritish Land just keeps on growing. This week's £220m equity issue was its second of the year. Following the acquisition of Broadgate Properties, holding company for much of the Broadgate and Ludgate office developments in the City of London, its prop-erty portfolio will have donbled in two years.

Just as remarkably, Mr John Ritblat, British Land's chairman, has steered the company back from the brink of collapse in the early 1970s. It now stands on the fringe of the FT-SE 100 index and has overhauled MEPC as the UK's second largest property company. British Land has achieved its

recent expansion hy showing a rare combination of property dealing skills and accurate reading of the property cycle. The acquisition of Broadgate is widely regarded as another tactical triumph.

Mr Rithlat started his cam-

paign two years ago, when he unexpectedly acquired a minority stake in Stanhope, one of the property developers which masterminded the Broadgate and Ludgate

This stake proved to be the bargaining chip which allowed British Land to complete an agreed takeover of Stanhope earlier this year and in the process gain a half share in Broadgate Properties.

It is now buying the second half of Broadgate from the receiver to Rosehaugh, Stanhope's former development partner, for about £125m. Both sides in the long - and, at times, hostile - negotiations

Playing for high stakes

Simon London looks at British Land's bold expansion strategy

declare themselves satisfied the Broadgate Properties debt, with the outcome.

British Land is paying a small discount to the net asset value of Broadgate Properties. Rosehaugh's receiver, Mr Roger Oldfield, of KPMG Peat Marwick, the accountancy firm, notes that the price is eignificantly above the

level on offer last year. Whatever the fine details, though, British Land now has full control over nearly 2m sq ft of prime City of London

office space. The two developments -Broadgate, to the north of the City, and Ludgate, to the east - are almost fully let. Broadgate Properties' £800m of deht, on which it is paying punitive rates of interest, can be refinanced on more attractive

But has British Land read the property cycle correctly this time?

The impact of the Broadgate equisition on British Land is threefold. First, earnings per share are likely to be lower than previously anticipated. Second, the company's balance sheet gearing will

increase to about 125 per cent following the consolidation of

property companies. The company's financing arrangements - bolstered by its recent 40-year bond issue are robust. Although British Land's credit rating is being reviewed by IBCA, the credit rating agency, there is no

immediate question of financial fragility.

But very high gearing will amplify the impact on share-holders funds of any movement in property values. If property values rise across the UK property market, British Land's shareholders will find themselves blissfully geared into the rally. Should property values continue to fall, though,

net assets per share will suffer. Mr Ritblat is confident that the market is moving in his favour. "I believe there is a strong prospect that the market will move up rather than down next year. in the medium term the outlook is very good and we can afford to wait if

necessary," he says. The third effect of the Broadgate acquisition is to increase the proportion of British Land's property portfolio in the City of London to 38 per cent.

This represents a big bet that rents for prime City properties will rise faster than in other sectors of the UK property market. Here opinion is divided. Top

quality office space is in short supply. Market evidence suggests that tenants are prepared to pay at least £40 per so ft for big new buildings in the heart of the City. Only two years ago top City rents were generally regarded as standing at about

£30 per sq ft.
Thus, the argument runs, City rents have increased by perhaps 30 per cent in the last two years and are on a strongly rising trend.

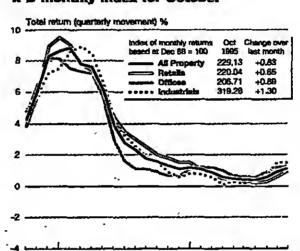
Against this, the Broadgate buildings are no longer brand new. One impact is that tenants pay much higher business rates than they would in com-parable newly-built space.

oreover, the threat of more office space being built at Canary Wharf, the large office development in docklands which is attracting financial sector tenants, could put a cap on City

It will be two or more years before the answer is clear. Ris-ing City rents combined with a general increase in UK property values - perhaps stimu-lated by falling gilt yields would make British Land the deserved darling of the UK property sector

Static rents and falling values would be bad news for investors in any property company. British Land shareholders would be uncomfortable

IPD monthly index for October



Rentals ahead

Property values fell in October for the 15th consecutive month, registering a decline of 0.3 per cent, according to the IPD monthly index. On current trends, the main annual index - which contains a higher proportion of central London offices than the smaller monthly database - is likely to show a total return for 1995 of just over 4

Although property values are still falling, rental values improved slightly in October after small declines in each of the previous two months. The all property rate of total return in October was 0.4 per

Over the 12 months to October, the all property total return is 3.3 per cent, with a return of 2.6 per cent for the calendar year to date. Capital valnes fell by 4.6 per cent during this period, compared with a 12.6 per cent increase in the year to October

Office and industrial properties both achieved a 0.4 per cent total return in October, with retail properties return-ing 0.3 per cent. Year-on-year, offices are the best performing sector with a total return of 3.9 per cent, followed by retail properties at 3 per cent and industrials at 2.9 per cent

COMMERCIAL PROPERTY

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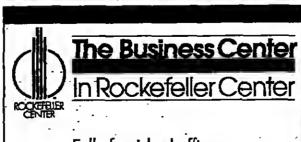
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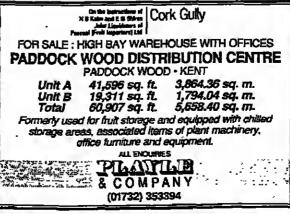
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The Financial Times plans to publish a Survey on **UK Business** Property on Friday, December 1. Courtney Anderson Tel: +44 (0) 171 873 3252

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474 avenue de Loure de Tossigny on the Bordeaux-St. Médard-Lacaman med, in a residential area, suitable after demolition for flats or commercial purposes. Approximately 5280 sq. m. land. Visiting days: 29 November from 2-4 pm and 5 December from

10-12 am. Reserve price: 4,300,000 Frfs 7, rue l'Hôte 4-level building on approx. 686 sq. m. of land to the city centre. Visiting days: 28 November from 11-12-30 am and 4 December from 2-4 pm. Rese price: 2,700,000 FrF.

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marché des notaires Me. G. CHAMBARIERE

Tel 13311 56 44 00 65

CONTRACTS & TENDERS

CROATIAN INSTITUTE FOR HEALTH INSURANCE HEADQUARTERS Zagreb, Margaretska 3

SPECIAL PROCUREMENT NOTICE FOR MEDICAL EQUIPMENT

- 1. The Republic of Croatia has received a loon No. 3843 HR from the International Bank for Reconstruction and Development (World Bank I in various currencies towards the cost of the Health Project and it is intended that a part of the proceeds of this loan will be applied to eligible payments under the contract for medical equipment.
- Purchaser: Croatian Institute for Health Insurance, Headquarters, Zagreb, Margaretska 3 The Creatian Institute for Health Insurance now invites sealed blds from eligible bidders for the supply of medical

Package 5.01 Medical X-ray Equipment Ist Lot 5/1/2 a-ray for fluoroscopy and radiography S/1/3 Multipurpose x-ray for radiography and fluoroscopy Package 7.01 Mammography and x-ray film processing equipment

- The bidders could be legal entities registered for product 3. of this Invitation is the Republic of Croatia or abroad.
- Interested eligible Bidders may obtain further information from and inspect the bidding documents from November 27, 1995, during working hours 9.00 14.00 ltrs, at the office of:

Hrvatski zavod za zdravstveno osiguranje, Direkcija (Croatian Health Insurance Institute, Headquarters) Margaretska 3, Zagreb, first floor, room 2A Phone: 385-1-425-666/21,421-265 Fax: 385-1-425-671

- 6. The Bidding documents for each of the packages as listed in article 3., may be purchased by any interested eligible bidden on the submission of the written application to the above and upon payment of a non-refundable fee of USD 200 in favour of Croatism Health Insurance Institute, Headquarters, Margaretska 3, Zagreb to the account at PRIVREDNA BANKA ZAGREB, 30101-620-37-7022-0682900-3838, or equivalent amount in HRK at the medium exchange rate of National Bank of Croatia, effective on the day of the payment, to the account 30102-640-609.
- All bids must be accompanied by a bid security of 2% of the total bid value in x form of bank guarantee, and must be delivered in stated and closed envelopes on or before the time stated in the specific bidding document for each package to the following address:

Croatian Institute for Health Insurance, Headquarters Margaretska 3, Zagreb Admissions office II floor, room 13

With note "BID FOR (mention the name of package of equipment) - DO NOT OPEN".

8. Bids will be opened to the presence of Bidders representatives who choose to strend bid opening at the time and day as ed is each individual bidding document at the address: Crostian Institute for Health Insurance, Headquarters. Margaretska 3, II floor - conference room 1. Zagreb.

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF CIGNA LIPE INSURANCE COMPANY OF EUROPE SANK

IN THE MATTER OF BRITANNIA LIFE LIMITED

IN THE MAITER OF THE INSURANCE COMPANIES ACT 1982

NOTICE IS HEREBY GIVEN that a Petition was no the 7 November 1995 presented to Her Majesty's High Court of Auriton in England by CIGNA Life Insurance Company of Barope S.A. N.V. ("CIGNA") for:

(1) so Order under Pert I of Schechsle 2C to the Insurance Companies Act 1982 ("the Act") smectioning a Scheme providing for the naturally to CIGMA of Part of the long term insurance business terriced on by Britamia Life Limited I Formerly Britamia Life Assurance Limited

(2) an Order making ancillary provision in connection with the implementation of the Scheme under paragraph 5 of the said Part L

Copies of the Penidon, the Schente, and a Report by an Independent Acruacy as required by paragraph 2/21/d1 of the said Part I may be inspected at the offices of CiGNA House, a Line Stock, Landon EC3M '7NA and at the offices of Britannia at Britannia Court, 50 Bothwell Street, Ghaggow G2 6HR during usual business boors for a period of 21 days from the publication of this notice.

The Petition is directed to be beard before Mr Registrar buckley at the Royal Cours of Junice, Strand, Loudon WCZA ZLL on 20 December 1995 and any person, techning any exployer of Britannia or CKRN who claims to be severely iffered by the Schemic accessors to the time

affected by the Scheme, may appear at the tim of bearing in person or by Counsel. Any person who intends no to appear, and any polacyholder o Britannia or CIGNA who dissents from the

Scheme but does not intend to to upoer, should gree not less than two clear days' prior notice in writing of such intention or dissent, and the reasons therefor, to the solicitum named below.

Copies of the documents specified above will be furorshed by such solicitors to any person requesting them prior to the medium; of so Order sanctionities, the Scheme on payment of the presented charge therefor.

OATED this 14 day of November 1995

Sobeton for CIGNA

7/1/1 x - ray film processing equipment

2nd Lot

Expressions of Interest

MANAGEMENT CONSULTANTS TAMAR SCIENCE PARK AND INNOVATION

CONTRACTS & TENDERS

441 & TECHNOLOGY TRANSFER CENTRE Tamer Science Park Limited is a Company Limited by Guarantea which is being set up by Plymouth City Council, the University of Plymouth and Devon & Cornwall Training & Enterprise Council to develop an innovation & Tachnology Transfer Centre (ITTC) at Tamer Science Park, Plymouth

and to manage and market sites at the 8 He Science Park itself. The ITTC will extend to approximately 2,300 sq m and will provide small units of accommodation for letting to companies engaged in science

research, innovation, and the knowledge-based industries only. Expressions of Interest are now sought from suitably qualified an

- experienced management consultants to advise and to represent the Company in the following erees:
 - (1) The design, practicality and funding of the ITTC project. (2) The development of the role of the ITTC in promoting innovation and
- technology transfer in the region. (3) The management of the design, engineering and cost consults
- team during the development period of the ITTC. (4) The marketing and initial letting of small trains of accommodation at
- the ITTC, and of sites at the Science Perk generally.
- It is amicipated that the completion of the above tasks will require an

appointment for about 18 months. Management consultants who are interested in being considered for the appointment, which will be subject to competitive tender, should please submit written details of their personnel, background, expenses and expenence to:

Head of Economic Development & Urban Regeneration Plymouth City Council, Civic Centre, Plymouth PL1 2EW



by no later than 12 Noon on Friday 19th Documber 1995. Expressions of Interest received after that time will not be considered.

Local Services for Local People

BUSINESSES FOR SALE



THE MINISTER OF PRIVATISATION OF THE REPUBLIC OF POLAND

INVITES TO NEGOTIATIONS ON THE PURCHASE OF SHARES IN

ZAKŁADY CHEMICZNE RUDNIKI SA WITH THE SEAT IN RUDNIKI

The Minister of Privatisation acting on behalf of the State Treasury of the Republic of Poland, pursuant to Article 23 of the Act on Privatisation of State-Owned Enterprise of July 13, 1990 (Journal of Laws No. 51. Item 298, with subsequent amendments) invites to negotiations all parties interested in purchasing no less than 10% of the Company's share capital.

Pursuant to Article 24 of the Act on Privatisation of State-Owned Enterprises, the Minister of Privatisation is obliged to offer up to 20% of the shares of the Company to the staff employed in the state-owned enterprise on the day of its transformation ion the Company Zaklody Chemiczne RUDNIKI SA.

Pursuant to the Resolution of the Council of Ministers No. 88 of October 4, 1993 on setting up reserves of the State Treasury Companies' shares for reprivatisation purposes, the Minister of Privatisation decided to retain 5% of the Company's shares as a reprivatisation reserve. The possibility is provided to offer to purchasers shares not acquired by employees and, should a legal basis for it exist, also shares from the State Treasury reprivatisation reserve.

RUDNIKI SA is a producer of inorganic silicon compounds (for the use of rubber, plastics, household chemistry and food industries among others) as well as disinfecting washing agents for industrial use

Parties interested in the purchases of shares and in obtaining the Information Memorandum should contact ARCANUM, acting as the advisor to the Minister no later than December 8, 1995.

Applications should be faxed to following address:

Œ

ARCANUM Przedsiebiorstwo Doradztwa i Wdrozeń Sp. z o.o. ul. Swietego Mikołaja 8/10 50-951 Wrocław tel./fax/modem (071) 358 68 tel. (071) 44 28 86 ext. 510, 511

Person responsible for accepting applications; Witold L. Wilczewski.

The Information Memorandum containing, apart from Information about the Company, detailed description of the way of the offer submission shall be made available to the interested parties upon a prior signing of a "Confidentiality Obligation."

The Minster of Privatisadon reserves the right to extend the deadline for the submission of offers, to void the Invitation and to renounce negotiations with no expressed reason.

BUSINESSES FOR SALE

KPMG

French's of Felixstowe Limited

The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of French's of Felixstowe Limited, a Ford motor retail dealership. Principal features include:

- Ford retail dealer:
- Annual turnover of £2.5 million per annum; ■ Two freehold properties. (Approx. 5,500sq.ft and approx. 2,500sq.ft) at Felixstowe:
- Ona leasehold property at Felixstowe;
- Experienced workforce;
- Established and loval customer base.

For further information contact The Joint Administrative Receiver, Howard Evans, KPMG, 6 Lower Brook Street, Ipswich, IP4 1AP. Tel: (01473) 233499. Fax: (01473) 281180.

KPMG Corporate Recovery

CONTRACTS & TENDERS

DANISH STATE RAILWAYS Prequelification for tender for on.

board services on InterCity trains recustification for sender for on boso

rvices on InterCity trains.

(EC Notice no. 95/S 215-L15989/DE) With this Notice, Oanish State

Raffways invites potential touckerers a prequalify for the supply of on boar vice on InterCity trains. The service

interested parties can obtain further Darish State Rollways Director of InterCity Mr. Bjoers

DSB Later City Bernstorffigade 28 DK 1577 Kobenhavn V

Phone +45 33 14 64 80 ext on 13857 The request for prequalification maining information as requested i the EC Notice, must be sent to the address stated above no later tha December 5, 1995,

BUSINESSES WANTED

Manufacturer Wanted seeking milgr. to market & build under US patent license, "Ker-Kool", uses no freen or gesoline. Keep vehicle coof while parked & in transit, low tooling costs. USD \$10K, Non-exclusive

USD \$100K, Exclusive

Call USA 602-235-2218

ANGUILLA REGISTRY PROJECT

Tenders will shortly be invited from UK and International companies for provision of the following for Anguilla Offshore Finance Centre Computerised Companies Registration Project:-

Development, supply and installation of a computerised world-wide on-line automated Companies Register and for the provision of a facilities management service for approximately five years thereafter.

Tenderers wishing to participate should apply in writing expressiog their interest to the address below by 1st December 1995. Prospective tenders will be required to pre-qualify against

the list of mandatory requirements for the system and to satisfy the project that if soccessful, they have, or are willing to establish the appropriate in-region support.

Miss M Deane, Dept PC, Crown Agents, St Nicholas House, Sutton, Surrey, SM1 1EL, UK.

SWITZERLAND -Businesses offered for Sale/Succession settlements

Swiss Computer & Accessories Distributors One of the top ten compenies, Sales over SPr. 50 Mio, Good profitability. Excellent distribution characts. Competers Management to stay on. Own premises, Manufacturers of WOODEN PRODUCTS (DIY and Furniture parts)

Sales: SF: 10m., profunde, 40% export, customers: Tends and Large-Surfaces Retail Chains, motivated, skilled management and employees. Well equipped modern factory, own premises. Please write to: (with background information please)

Elisabeth A Miller. Corporate Developer Nelkenstr. 15, 8006 Zurich Tel. 41-1-361 17 17 Fax: 41-1-361 17 00

COMPANY NOTICES

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SUBSECTIONS 8(5) AND 10(6) OF THE TELECOMMUNICATIONS ACT 1964

- many of Saste hardry gives notice as follows 1. A notice was published on 5 January 1994, in which it was sused that the Secretary of Seate had granted to Turch Communications Liquined ("the Licenses") a Recence made: the Telepasantanications Acx 1994 ("the Acx") so two informationalists systems throughout the United Kingdom and that the referenzament/outers code ("the Code") has been applied to the Licenses within the next matched on the use anothed as an annex to the Licenser's License extending to all or pure of the committee of Derhythire, General Manchesper, Humberside, Lancashire, License extending to all or pure of the committee of Derhythire, General Manchesper, Humberside, Lancashire, License and Youth Yorkshire, South Yorkshire, South Technikire, South Te
- The principal office of the license will be to easily the Licenser to install and run tries one primarys usuce or my accessor will be no empty use incomer to moves may run to eccursum mention rypense deroughout the Outcol Kingdom. The Licenser will be able to provide a wide range of services but excitating mobile radio acroices and outsile international services. The licenser softening connection to a wide range of other system, including earth orbiting appearing, allowing the provision of some types of international setching services to a state of ZFA or more of the market in suspect of particular services in an area specified by the Director General of Telecommunications, the Licensee may be obliged to quake available those effectively in all who remember to the wide items within their area.
- The licence will be arbject to conditions such that section 8 of the Act will apply to it, thereby making each of the systems run under the licence eligible for designation as a public relecommunication system under section 9 of the Act. It is the intention of the Becretary of State to designate each of the Licenses's systems as a public telecommunication system.
- The Secretary of State proposes to great the thereor in response to an application from the Licenses for such a license because he considers that it will help to socially demands in the United Kingdom for the provision of services of the type authorized, will prouse the interests of consumers in respect of the quality, variety of and priors charged for such services and will assistable and processes effective competition between those engaged to the provision of telecommunication services.
- He proposes to apply the Code to the Licenser subject to serials sureptions and conditions. The effect of these exceptionalistics is that the Licenser will have dericat
- (a) to comply with various safety and environmental conditions, in particular (with certain exceptions) to install lines underground or only on such above-pround appearing as is shready installed for any purpose; (b) so comply with conditions designed to enterior efficiency and examonary on the part of the Licensee, in connection with the execution of works on land concerning the installation, mulateomore, repair or
- (e) to country certain public bodies before exercising particular powers under the Code, lucinding the local planning and highway sufferities and English Nature, Scottish Natural Harings, the Commitguide Council for Wales, the National Trust and the National Trust for Scottish, as well as relevant electricity
- (d) to keep and make evallable records of the location of gaderpround measures and copies of the execution dictors in the licence to the powers under the Code; and
- (e) so ensure that sufficient hands are available to spect certain liabilities arising from the execucion of street
- The reason why the Scoreinty of Soste proposes to apply the Code to the Licensee is that the Licensee will need the state the Code to install and metatain the telecommunication systems which are to be installed and run under the proposed if the Code to means and meaning the recommendations systems which are to be unstaked and run ander the proposed facence.

 The restons why it is proposed that the Code at applied about have effect subject to the exceptions and conditions reflected that they are considered requisites or expedient by the purpose of securing that the physical environment is protected, that there is no greater durage to hard than secency, that the systems are instelled as acidly and consomically as possible, and that the Licenses can meet (and relevant persons can enlawe) liabilities enising from the extended of words.
- Representations or objections may be made in respect of the proposed licence, the application of the Cods to the Licence and the proposed encaptions and conditions referred to above. They about to instal in which by 27 December 1995 and addressed to the undersigned as the Department of Trade and Industry, Telecommunications Division, Room 2.79, 151 Backingham Paleoc Road, Landon, SW1W 983. Copies of the proposed licence can finely be obtained by writing to the Department or by calling 0171-215 1756.

24 November 1995

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SUBSECTION 10(6) OF THE TELECOMMUNICATIONS ACT 1984 etacy of State hereby gives nodes as follows.

- He proposes to grant a licensor under the Telecommunications Act 1994 ("the Act") to New World Psychones Limited ("the Licensor") to
 run telecommunication systems throughout the United Kingdom. The Houses will be far a period of 25 years subject to carrier revocation.
- He proposes at apply the telecommunications code ("tim Code") with the exception of prographs 5,10,17, and 18 by virtum of section 10(20(b)) of the Act and subject to certain exceptions and conditions, to New World Psychone Lindred to non relecommunication systems throughout the United Kingdoot. The effect of the exceptions and conditions to the application of the Code is that the Licenses will have designed. a) to comply with various salety and environmental conditions;
- b) to comply with conditions designed to ensure efficiency and economy on the part of the Licenses, in connection with the constraint of works on hard concerning the installation, Anticonsenses, repelt or observation of its appearance; c) us consult certain public bodies before exercising particular powers under the Code, including the local pinning and highway and and English Netters, Scottish Hainraj Heritoge, the Constraint Control for Wales, the National Treet and the Nettenat Treet for
- d) to keep and make realistic rectain of the location of underground appears and copies of the exceptions and conditions in the literace to e) to essure that sufficient funds are regulable to must certain liabilities arising from the parenties of street works.
- 2. The remon why the Secretary of State property to apply the Code to New World Psychones Limited in that it appears to the Secretary of
- () the running of the telemographication systems will benefit the public and
- ii) it is not practicable for the relecommunication systems to be ren without the application of the Orde.
- 4. The remous why is a proposed that the Code to applied should have effect subject to the enterplicate and conditions related to above one than they are considered requisits to experient for the purpose of securing that the physical cavironsment is protected, that there is no greater they are transmiss angularity or experient for the payment of membrane are an experience of desirable to hard their necessary, that the systems are installed as suchly and commencingly meet (and relevant persons any unforce) liabilities existing from the exacution of works. micelly as possible, and that the Literate can
- 5. Representations or objections may be made in aspect of the application of the Code to the Liamers and the proposed eteograms and conditions refound to above. They should be made in writing by LTD-comber and addressed to the undersigned at the Department of Trade 1 Industry, Telecommunications Division, Rosen LTV, 151 Buckingham Palace Road, London, SW1W 933. Copies of the proposed Komer can freely be abusined by writing to the Department or by calling 0171 215 1756. Alea Prond

Department of Teach and Industry

Joopers &Lybrand

HEATING APPLIANCES MANUFACTURER

Heatovent East Kilbride, Scotland

The Joint Receivers of Heatovent Electric Limited, Ion Ronkin and Frank 8th of Coopers & Lybrand, Glosgow, offer for sole the business and assets of this well known company which manufactures a wide range of domestic, commercial and industrial heating appliances.

Principal features of the business include:

 modern 53,000 sq if factory on 8 acre treehold site order book, approximately \$700k

e tumover circo \$4.5 million quality customer base including expant markets.

For further information and on appointment to view, contact ion Rankin or Derek Forsyth of Coopers & Lybrand, Kintyre House, 209 West George Street, Stosgow G2 2LW, Telephone: 0747 248 2644.

Coopers & Lybrand is authorised by the Institute of Charm in England and Wales to carry on Investment Business.

Wolverhampton Glass Co. Ltd. (In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of this specialist window design and manufacturing company.

- Manufacturers and suppliers of high quality PVCu and aluminium windows to domestic and commercial customers.
- Historic turnover of approximately £3.6m p.a. ■ Workforce of 35 highly skilled and motivated
- Freehold premises in Wolverhampton including offices and fully equipped factory.

For further information please contact: D.K. Duggins or A. Wolstenholme, Arthur Andersen, I Victoria Square, Birmingham B1 1BD. Tel: 0121 233 2101 Fax: 0121 643 7647



ARTHUR ANDERSEN & CO SC

Arthur Andersen is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

The Joint Receivers L.D. Grainger & A.J. Armstrong offer for sale the Goodwill, Business and Assets of

LAMBERTON & COMPANY LIMITED COATBRIDGE, LANARKSHIRE

(In Receivership)

Heavy Engineering Design for metals industries (Mechanical, Hydraulic, Electrical etc.), Heavy Machining, Heavy Lift Cranes (up to 80T) in 6 bays:

- or admity at re-en
- Blue chip customer base * Three recently patented products
- * Skilled design and manufacturing workforce
- approximately 45 employees Turnover since receivership (3 years)
- approximately £7M * Order book of £1.5M
- * Freehold property of approximately 4 acres

GRAINGER & CO.

For further information contact: L.D. Grainger or R. Scott Page at Grainger & Co. 10, SOMERSET PLACE, GLASGOW G3 7JT Tel: 0141 332 8751 Fax: 8141 331 2623

1995 Chancery Division

In the High Court of Justice No 697136 of

IN THE MATTER OF STERRY COMMUNICATIONS (UK) LTD

IN THE MATTER OF
THE COMPANIES ACT 1965
NOTICE IS HERRENY GIVEN that a Position
was presented to Hor Majesty's High Coart of
Justice on the 17th day of November 1995 for
the confirmation of the reduction of the share
capital of the Company from £5,000,100 to
£1,400,700.

No. 006940 of 1995

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION IN THE MATTER OF MERCHANT RETAIL GROUP FLC

NOTICE IS HEREBY GIVEN that a Petition was on 9th November 1995 presented to you like Majesty's High Court of Justice for the confirmation of the reduction of the share premium account of the above-onaged Company by £3,312,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Backley at the Royal Course of Justice, Strand, London WC2A, 21L, on Wednesday the 6th day of December 1995.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the trme of hearing in person or by Counsel for that

A copy of the said Perition will be familiated a any such person requiring the same by the such person requiring the same by the suchermentioned Scilichters on payment of the regulated charge for the same.

Nicholson Oraham & Jones 25-31 Moorgase London ECIR GAR

Desed this 23rd day of November 1995 Ref: SMAP

CI.680,700.

AND NOTICE IS FURTHER OLVEN that the said Petition is directed to be heard before Mr. Registrar Buckley at the Royal Courts of Number, Strand, London WC2A 2LL on the 6th day of Phenometer 16nd Shrana. London well-all on use on usy or December 1995.

ANY creditor or shareholder of the said Company desiring to oppose the making of an Order for confirmation of the said reduction of the share capital of the Company should appear at the time of hearing to person or by Counsel for the share capital of the Company should appear at the time of hearing to person or by Counsel for the share capital of the Company should appear to the time of hearing to person or by Counsel for the counsel of the counsel of the counsel for the counsel of the counsel of the counsel for the counsel of the counsel of the counsel of the counsel for the counsel of th at the tase of nearing so person that purpose, that purpose, A copy of the said Pezition will be formished to any such person regularing the same by the undermeatured solicitors on payment of the regulated charge for the same.

DATED this 21st day of November 1995 Denton Hall Regency Court 206/206 Upper Fifith Street

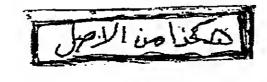
BUSINESSES FOR SALE

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> For further Information or to advertise in this section please contact

Lesley Sumner on 0171 873 3308





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* Separate hydraulies capacity

LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT 1985

Solicitors for the above-named Company

Tel: 0190\$ 690260

and Saturdays.

MERSEYSIDE

New sound from a chorus in harmony

Deciding how to spend £638m from the European Union has concentrated minds in the region, reports Ian **Hamilton Fazey**

There is a new Mersey sound. It is not so much that emanating from the new Liverpool Institute for the Performing Arts and its benefactor Mr Paul McCartney, but of people talking rather than squabbling. of barmony rather than dis-

hampton Class Co. H

There are still diaparate groups and there are still disagreements, hut a common will to work towards common goals seems to be emerging. Poten-tial inward investors - who previously would not look at Merseyside – are beginning to do more than merely take notice. This year Siemens I came close to picking Merseyside over Tyneside for its new

microchip plant. What has concentrated minds is the planned injection of £638m into Merseyside over six yeara hy the European Union. The programme is in its second year and the impact is

The money is from EU's regional development and social funds under its "Objective One" programme. To qualify, gross domestic product a bead of the country or region concerned must be, or must fall, below 75 per cent of the EU average. Merseyside'a fell enough to trigger its place in the programme two years ago.

But there are strings; the money has to matched by the UK public sector; and spending plans must attract private sector and community support and have a realistic chance of producing sustainable growth. Because discord will not deliver it, people are working together as never before. There lost 250,000 people and 100,000 Mr Christopher Gibaud, chief

is not yet local unanimity, but "even two years ago there was little sign of the sort of consensus that we are now seeing." says Mr Tim Johnston, a part-ner in accountants, KPMG.

He and Mr Peter Fell, director of European affairs at Mer-seyside training and enterprise council, are at present briefing groups of Merseyside husiness and political leaders about their Merseysida Economic Assessment - a study to be published soon of what offers the best chance of sustainable

Tha briefings seem to be impressing most critics of the Objective One programme so far. They have legitimately queried whether too much is being spent on pointless training for phantom jobs - or for low-value work such as hair-

"The problem is we need the brown and dirty and menial jobs, to help reduce unemployment, but the more value we can add, the more wealth we can create," says Mr Graham Thelwall Jones, chairman of Liverpool chamber of commerce and industry.

Mr Johnston and Mr Fell want to see a better balance between jobs for the sake of them and jobs that will generate a wider wealth. The idea is to try to tilt the internal economic halance so that more Merseysiders are selling highvalue goods and services to markets ontside the area. rather than selling low-value services to esch other.

Import substitution and exports from the region are recurrent themes of the analysis. In effect, Merseyside is trying to reduce its local balance of payments problem. It has heen a net importer of too much by way of goods, services, government aid and handouts. Its exports have all too often been jobs and people. As Mr Harry Rimmer, leader of Liverpool city council, puts it: "This is an area which has

jobs in the past 30 years. We have been managing decline and poverty. We have got to turn this round."

Mr Ian Lohley, Liverpool director of 31, the investment capital provider, helieves a turn-round is already happening. "I arrived two years ago. The difference now is that peopartnership, they are doing something about it.

"Almost as great as the

He believes the new government office for Merseyside

Indeed, leadership has always been critical to economic regeneration. The lessons from places which have turned themselves round in the US and Europe have been well documented; first, there have to be leaders; they then have to sink their differences and work together - while developing a vision of the community that is wider then their own role in it.

Mr Stoker's central role is as chairman of the committee monitoring how the EU money is spent. Mrs Jackson is his prime enforcer. She will not let funds go unless recipients commit themselves to measurable, lasting outputs such as jobs and added value. Other leadera who bave

impressed Mr Lobley include

Objective One henefit is that everyone is pulling in the same direction. The political temperature is lower. Paople are talking about bow to help small businesses rather than having political debates about Who is to blame for decline."
Mr Lobley adds.

deserves much of the credit. Like its counterparts in other regions, the office co-ordinates the work of all government departments in the region. That in Merseyside is run by Mr John Stoker and his depnty, Mrs Pat Jackson. "They came in for a lot of early criticism but they bave pulled things together." Mr Lobley

side then, his appointment two years ago was criticised because he was an outsider. There is no criticism now. Professor Philip Love, who moved from Scotland to become vice-chancellor of Liverpool University, is another outsider making an impact - this time as chairman of the Mersey Partnership. In professional services, two

respected northern beavyweights - Mr Mike Davis and Mr James Dow - have arrived this year from Manchester at the accountancy firms of Ernst & Young and KPMG respectively. Each has a good record in corporate finance, but they already face strong competition in Liverpool from Mr Amin Amiri of Grant Thorn-

nership and a successful eco-

nomic developer with a good record at Peterborough and

Swindon, Typically for Mersey-

troops in the same direction include Mr Peter Bounds, chief executive of Liverpool city council; Mr David Henshaw. his opposite number at Knowsley borough council; Professor Peter Toyne, vice-chancellor of Liverpool John Moores University; and Sir Desmond Pitcher, chairman of both North West Water and the Merseyside Development Corporation, the government's agency for rege-nerating the waterfront.

The Mersey waterfront, looking toward the Royal Liver Building. The crucial change in the region has been the political - and industrial - climate

In the private sector, Merseyside's largest employer is Littlewoods, the football pools and retailing giant. For all the argument about its future as a privately owned company, it is a potent force in the regional economy, providing nearly 7,000 local jobs.

Other big companies include Royal Insurance in Liverpool, Ford at Speke, Unilever in the Wirral, Delco Electronics and Otis at Kirkby and - increasingly important because of its Other leaders marching their impact as an economic multi-

plier - Mersey Docks and Harbonr Company at Bootle. BHP. which has struck oil and gas in the shallow waters of Liverpool Bay, is set to join them when production starts next month. Merseyside's weakness, however, has always heen its resemblance to had concrete, Just as good concrete needs a

mix of hig. medium-sized and small stones in the aggregate to fill the holes and interstices before the cement is poured into it, so Merseyside has had too few small companies to balance its giant ones. But there are encouraging signs. In one 11-day spell in September, 3i did three man-

agement buyouts and three management buy ins. Nine different firms of Liverpool professionals were involved, providing services which might easily bave been bought in from Manchester. It should also be remembered that Alsop Wilkinson, the nationally known legal firm, began and continues in Liverpool.

"More people are making the entrepreneurial leap," Mr Lob-ley says, who now watches over 115 investments in local The crucial change, however,

is in the political climate. Merseysida was blighted by the Militant Tendency, the Marxist grouping which infiltrated the Labour party and took control of Liverpool city council in 1983 to challenge the government with a series of illegal deficit hudgets as it tried to municipalise substantial parts of the local economy.

Its leaders were expelled from the party and 47 councillors disqualified more than seven years ago, but it was only this year that Mr Rimmer, who faced down a breakaway hard left in order to restore moderation, won an absolute majority for the official Labour party on the council.
The Militants made consen-

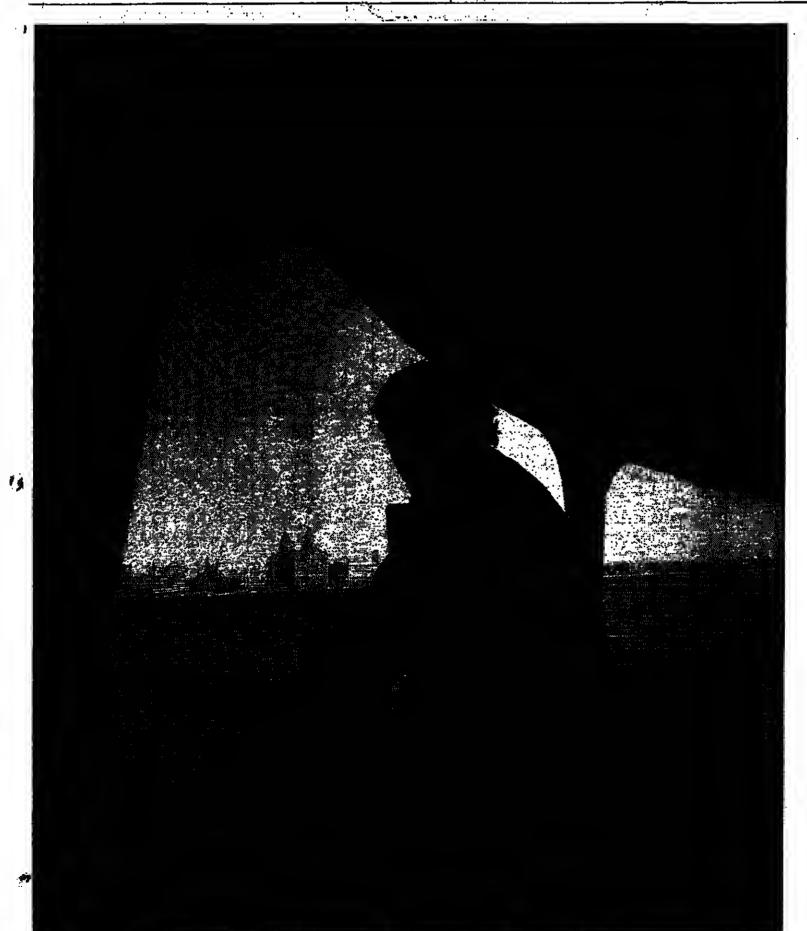
sus impossible for about 10

vears because most private sector leaders kept their heads down. Two local authorities -St Helens and Wirral - all but inward investment initiatives - St Helens and the Wirral investment Network - still do their own thing, but increasingly Merseyside is beginning

Photographs for this survey by Mike Arron

to function as a unit again. A measure of how far it has come is the near-miss in the competition to win Siemens. Mr Johnston says It must be a lesson. "Merseyside still has some way to go. It still takes 15 to 20 people to make a declsion, versus a handful of people in Ireland. It is crucial that the five local authorities stop competing for every project."

Mr Rimmer does not hide his disappointment over Siemeus, but can at least take comfort from having seen more serious inward investment inquiries in 1995 than in all the years



Thinker, tailor, screenwriter, sailor, rich man, foreman, businessman or comic? (It must be something in the water.)

From Lord Leverhulme to Leonard Rossiter, William Pilkington to Willy Russell, Merseyside has always been incredibly rich in one natural resource. Its people.

Where else has the same wealth of entrepreneurial spirit and creativity?

There's a pool of talent here that a business can float on.

For more information on investment opportunities on Merseyside call 0800 22 0151

> MERSEYSIBE A'pool of talent

Private sector joins in

After 15 years. government spending in the area seems to be paying off

Nearly 15 years of concentrated government investment in Merseyside ems at last to be paying off. Almost suddenly, after years of lagging behind, private sector investment in crucial waterfroot areas has exceeded the monies paid by government to its main local regeneration agency, the Merseyside Development Corporation.

The corporation was set up in 1981, together with a similar body for London Docklands. Originally due to be wound up io 1991, its term bas been extended to 1998 and the area it covers has been increased from an original 500 acres to 3,000 acres of primarily disused docklands on both sides of the River Mersey, together with the faded seaside town of New Brighton on the tip of the Wirral peninsula.

But while London Docklands appeared to lever billions in private sector investment during the 1980s, the MDC did not have an easy time. It was embroiled in rows with a then hostile Liverpool city council. It also fell out with Professor Patrick Minford, Liverpool Uoiversity's eminent economist. He resigned from the MDC's board because it would not approve a power station project in Birkenhead, preferring to save a prime site for mixed-use property development.

This year the MDC got a wigging from a parliamentary select committee for losing almost £1m on the 1992 tall ships regatta and an associated opera concert which seemed to bring little discernible benefit to the area. It has also had an unseemly squabble with the Mersey Docks and Harbour Company about a floating stage and termical for Irish Sea roll-on, roll-off freight near where Prof Minford would bave allowed the power sta-

All this has come after many years when the MDC seemed unable to draw in substantial

private sector investment. By 1990, almost 10 years into its life, the MDC had spent £180m of public money but had generated only £43.5m in private sector investment.

At last, however, everything eems to be coming right, for by the eud of the first quarter this year total inward investment from the private sector in the MDC's areas reached £394m - against a cumulative government outlay of £300m. Nearly 15,000 jobs have been created and 2.671 bomes built or converted from old warehouses. Mr Chris Farrow. MDC chief executive, says: "Over 50 per

Unusually, three years ago Merseyside succeeded in no fewer than three hids for City Challenge urban funding - in Liverpool. Wirral and Sefton. Each was worth £37.5m, spread

Wirral Clty Lands concentrates on the areas around the docks and town centres in Birkenhead and Wallasey; Bootle Maritime challeoge in Seftoo is also concerned with poor areas near the docks on the Liverpool side of the Mersey: Liverpool's city challenge area is to the immediate east of the city centre around the university complexes and bordering on



cent of the investment has come in the past three years. The problem was the acute level of dereliction. Clearing it up is costly and time-consuming. You cannot attract investors until you have done it. It took £45m alooe and the best part of 10 years of effort to reclaim the Albert Dock."

The beautiful, listed Albert Dock is the centrepiece of the waterfront revival. With its museums. walkways, sbops and restaurants it attracts 6m visitors a year.

Mr Farrow now believes the MDC is on course to realise its lifetime targets of £638m in private sector investment and 25,000 new jobs.

Now that investment is coming in, there is less criticism than in the 1980s from local authorities which thought then they could do better with the money. They are all now well represented on the MDC's board and in any event have been somewhat molified by getting substantial government monies themselves in recent

Toxteth, where riots famously broke out in 1981.

All three are run by boards which include the local authorities as well as the private sector and community representatives. They are concerned with economic regeneration and job creation and the intention is that the £7.5m each can spend every year should lever out a multiple in private sector

They are also closely focused on physical renewal, low cost bousing, environmental improvements and social and community schemes

in the Wirral Clty Lands, manufacturing industry was in decline, but 3,200 jobs have been created and preserved. largely through assisting and grant-alding small and medium-sized businesses.

Mr Peter Coffey, director of the Wirral city challenge says:
"One of our proudest achievements is the setting up of three oeighbourbood colleges. We simply found suitable premises and staffed them, then watched the numbers grow largely by

word of mouth. There are now

courses ranging from everything from adult literacy to national vocational qualifications." The colleges have cost about £1m to set up and run. in Bootle, much effort has

1,600 on part-time and full-time

gone into housing and social projects, such as one which helps drug users make a new start. Bootle bopes to attract £156m of private investment at the end of its five-year term in

Meanwhile, Liverpool's city challenge has been trying to do something about some of Merseyside's most prominent eyesores. The gateway to the area is Lime Street station - important because it provides the first impression of Merseyside to most visitors.

Across Lime Street from the station the imposingly classical St George's Hall was until recently closed and forlorn. The old North Western Hotel shove the station concourse was derelict. Victorian houses behind the station were gutted. Even the short walk of 200 yards to the Adelphi Hotel was discouraging. If shops were not boarded up, many seemed to be scrofulous discount retail

Mr John Flamson, the director of the Liverpool city challenge, says: "These buildings were symbols of decline. They seemad to suggest the spirit had gone out of Liverpool."

Now the North Westarn Hotel is being turned into student accommodation with a conference centre. St George's Hall is back in use as a public huilding. Some of the Victorian bouses bave been renovated, with their architecturally impressive frontages preserved. Georgian squares in the university area bave been prettified.

Some £48.7m has heen invested in husinesses largely restaurants, but they pull in people and enliven the area. There is still some way to go, but Liverpool is visibly hrighter and more lively than even two years ago.

There is often little to show in urban regeneration schemes of this sort. But, as with the MDC, it looks as though the impact is at last beginning to make itself felt.

■ Objective One: by Ian Hamilton Fazey and Stewart Dalby

Growth poles targeted this might simply make it easier for people A new economic to get jobs outside Merseyside and leave.

assessment, funded by the European Union, says that spending should become

more focused Ever since Merseyside was given Objective One status by the European Union at the end of 1993, there has been controversy on

how the money should be spent. The issue should have been decided last year when a "single programming document" - EUspeak for a spending framework - was reed, but a more sophisticated approach is about to emerge.

It is contained in a new study called the Merseyside Economic Assessment, now in the final stages of consultation. It has been prepared by Mr Tim Johnston of KPMG. the accountancy firm, and Mr Peter Fell, head of European affairs at Merseyside training and enterprise council. They have used models and advice from Cambridge Econometrics and Warwick University's

centre for employment research.

They believe it will enable spending to become more focused and create more jobs and economic output. The problem is that Mersaggide could have done with the new analysis two years ago. Ironically, how-ever, it could not be done until Objective One money was available to pay for it.

It was then that Merseyside's per capita gross domestic product fell below 75 per cent of the EU average, qualifying the area for Objective One funds, which are earmarked to help lagging regions catch up. In Merseyside's case, the programma is worth £638m over six years, mostly from the European regional development and social funds.

This is matched, on an annual basis at present, by the UK public sector, mainly through more than £60m for Merseyside's three training and enterprise councils, £30m for Merseyside Development Corporation and an annual £22.5m between them to three city challenges.

With a private sector input of £340m, this makes a total of more than £1.6bn. But money alone does not solve problems. From the outset, there has been concern about whether the committee of public and private sector people monitoring and dishursing the money - and vetting more than 1,500 current applications for assistance - is pursuing the right tactics.

Professor Patrick Minford, the Liverpool University economist, and his colleague Mr Peter Stoney set the agenda by warning against over-emphasis on training, as

The main thrust of Objective One cash should he as an enabling mechanism for trading businesses to function more effec-

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tively - not direct subsidies to make otherwise unviable projects viable, but expenditure on supportive infrastructure like roads and site clearance to make way for both indigenous and inward investment." they argued.

The monitoring committee is trying to do this, channelling the money among five economic "drivers" eventually agreed in the single programming document:

I inward investment and key large com-

□ local business; □ innovation and new technology: industries: and

☐ human resources. The human resources driver - much of it training and concerned with creating "pathways" to get unemployed people into work - has so far absorbed £89m, with another 214m likely this year. However, a much bigger emphasis has gone on the inward investment driver.

Winning big inward investment projects is largely dependent on having strategic sites available, so much of the effort in driver number ona is concerned with clearing and preparing key sites.

They include the old Liverpool Airport

and land around it at Speke-Garston, the former Parkside colliery at St Helens, disused portions of the Cammell Laird shipyard at Birkenhead, Twelve Quays on the Birkenhead waterfront, Knowsley Industrial Estate and two other aites in Bromborough in Wirral and Southport, Merseyside's seaside town.

Up to 700 acres are involved, about half of them at Speke-Garston and 230 acres at Parkside, English Partnerships will provide the main driving force at each of these. Some £148m has been earmarked so far, with another £78m in the pipeline for

the current year. But it is the human resources spending which niggles with industry and commerce. Mr Michael Postlethwaite, a survevor with Matthews and Goodman, asks: What is the point in spending all this money on training for jobs which have yet to be created? I would rather see the money spent on a good access road off the M62. That would encourage companies to

Mr Ian Berry, director of the Liverpool Chamber of Commerce, adds: "You can anm it np by citing what has become known as the hairdressing debate. Why train so many hairdressers, which is what the Tecs seem to do". That is just sticking plasters on the local economy. The key is to attract new investment and grow companies already here so they can export

Officials at the government office defend their policles by saying that training and social spending are built into their mandate for spending the EU monies. Ms Helen Shaw, marketing director at Merseyside Tec, says: "As far as hairdressers are concerned, at least they get jobs. Wa agree there is little point in training someone to

find there is no job at the end of it."

Mrs Pat Jackson, chairman of the monitoring committee's main technical panel and head of the Department of Trade and Industry on Merseyside, thinks attitudes will change as the sites become ready for development and money channelled into the other drivers starts to have an effect.

But Mr Johnston beliaves they will change more readily if spending patterns are now altered to take in the new economic assessment. There was a very positive response from critics when he briefed members of Liverpool chamber of com-

merce last week. The assessment's broad thrust is that while the five drivers are roughly right, more will be achieved by further targeting resources at a series of "growth poles". Strategic sites top the list, but the others are Liverpool city centre, Liverpool Bay, the port and airport, and motorway corri-

While pathways for the unemployed matter, they concentrate on low value-added, low-paid jobs. Mr Johnston and Mr Fell want a shift of emphasis towards enhancing job creation in existing successful pockets of growth because this will create a more sustainable increase la gross domestic product.

They say sectors such as telacoms. financial and professional services, health research and development, pharmaceuticals, arts, culture, and glass offer the best prospects for encouraging regional import substitution in components and services and exporting added value goods and services outside Merseyside's houndaries.

They claim their approach will add 36,200 jobs compared with the existing framework's forecast of 33,900 - with added GDP of £2.59bn a year against £2.35bn. The monitoring committee has been impressed by the work and is more than likely to take it on board, especially since Mr Johnston and Mr Fell bad an enthusiastic response when they showed EU officials their findings.

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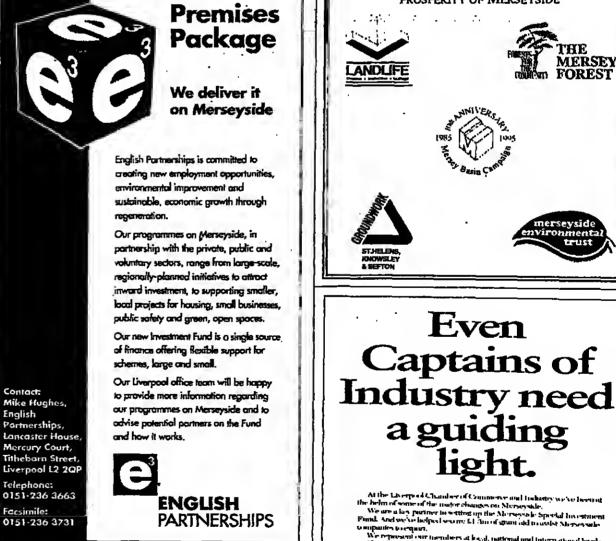
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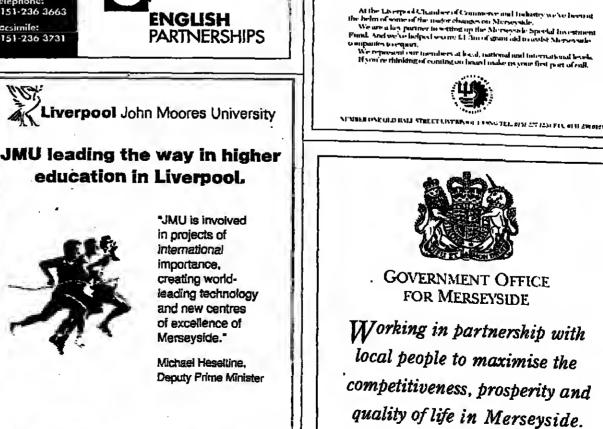
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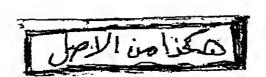


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MERSEYSIBE

ampus town looks to business

Private sector money is in demand as thriving companies are sought as partners

Liverpool is fast becoming a student town. Nearly 50,000 of Merseyside's 1.35m inhahitants are students, and the proportion grows each year.

Paul McCartney's Liverpool Institute of Performing Arts will soon take its place beside the University of Liverpool, John Moores University, and the local community college, a further education institute. The academies are among

the giants of the weak local economy, as Merseyside'a traditional industries have died out while mora and more Britons take degrees. Liverpool's erstwhile reputation for strikes and riots fails to put off students in the

Professor Philip Love, vice-chancellor of Liverpool University, is also chairman of the Mersey Partnership, the main marketing body for the region. 'I don't think there are many other regions where the business community is prepared to accept a vice-chancel-lor as head of such an organisation," he says. Mr Stuart

you're in Manchester, there's so much more going on that universities aren't that impor-Estimates vary of how much the universities contribute to the local economy. Prof Love, a former lawyer, is more cons vative than most in saying that hy 2000, 2500m will be spent in the city by students, staff and

the universities themselves.

Prof Michael Parkinson, an

urban affairs specialist, says:

"The universities employ, they

Melhuish, development direc-

tor at John Moores, adds: "If

consume, they spend and they have a major physical impact on the city."

The latter amounts to more than just young people with books under their arms dominating the city centre. Mr Melbuish says that John Moores has spent £70m in inner city

Even the cab drivers welcome students when they come back to town'

Liverpool since 1989, building to accommodate student growth. He points to the North Western Hotel, which stood derelict for 45 years just outside the main railway station. giving visitors fresh off the train an immediate impression of a city in decay. Now the

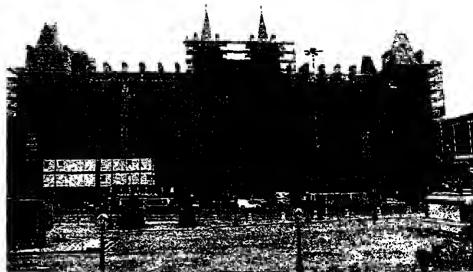
scaffolding is up, as John Moores refurbishes the hotel to house students. As students move in, the

inner city comes to depend on them. There's been an 'evening economy that has been built around hars and clubs and fashionable night clubs in the city," says Mr Melhuish. "Even the cah drivers welcome the students when they come back to town." The universities can never create jobs for all the city's unemployed manual workers, but they do employ around 6,000 people. Prof Par-kinson points to other European cities such as Dortmund and Montpellier that have been regenerated largely by their

universities. Merseysida's academies aim to be partners of local husiness. Of Liverpool University's £150m annual hudget, £20m comes from collaborative research work with companies. Prof Love has recently hought the old Liverpool Royal Infirmary huilding, which is to become a one-stop shop catering to the technology needs of local husinesses. He has limited sympathy with academics wanting more time for their nwn projects. "You can't say, Well, I'm only going to do blue skies work, I'm going to live in

At John Moores, the university and 42 local companies have joined to huild a robotic telescope. Many local chief executives are regulars at John Moores events, says Mr Melhuish. The university runs an MA in quality management for Rover, and an engineering programme at Ford's plant in Halewood.

Research universities all over the country are trying to attract private sector money. The difference in Liverpool, says Prof Love, is that "we happen to have Objectiva 1 funding". This is money the



European Union pledged to Merseyside when the region's gross domestic product per head fell to 75 per cent of the EU average. This year projects led by Liverpool University have received \$22.7m in Objective 1 funds.

Also, because Objective 1 funds are available only for joint ventures between the private and public sector, the scheme has forced universities to look even harder than hefore for local partnerships. is short on thriving companies, and, says Prof Love; "Many businesses don't fully realise what happens inside universi-

He is seeking new ways of working with husiness, beyond research, training and consultancy. For instance, one of Merseyside's problems is a shortage of skilled people. Liverpool University has set up the "Graduate into Employment Initiative", which tries to find jobs for graduates with local companies. Of the 1,350 graduates who have followed the scheme since 1990 85 per cent have found jobs within six months of completing it, most of them in small to mediumsized companies (SMEs). Few Merseyside SMEs had hired graduates before.

Liverpool University's other new action area is, of course, the internet. The university has trained local companies to use the net, and has set up a weh site on which they can advertise their wares. The Internet industry is suited to a region with a poor image, says Mr Colin Charlton, who runs the scheme for the university: 'Electronic networks don't understand about geography."

Like so much else on Merseyside, his project has got EU funding, So far, however, only 20 companies use the web site. It seems another case of a corporate-minded university looking desperately for a corpo-

rate sector But the big worry for Liver-

pool's universities is whether the government will fund a fur-ther rise in Britain's student numbers. The Confederation of British Industry predicts that soon 40 per cent of Britons will get degrees, up from 31 per cent today - that figure itself is a huge leap over the last decade. But will the govern-ment fund the growth?

"Clearly universities are going to go through a more difficult period in the next three years than they have in the past five or 10 years," says Prof Parkinson. Prof Love says that if the government does not stump up, his university's private sector partnerships will become ever more important,

Mr Melhuish sees part of the solution in taking Asian students, who have to pay their own fees. He says they still revere Liverpool as the city of the Beatles and football. Little do they suspect that it is now a campus town as well.

Merseuside's web nice can be found him wasterconnectorush merseuserid.

■ The region's reputation: by Simon Kuper

image for 'pool of talent

An advertising 5 campaign says that productivity is now above the UK average

The man in the newspaper advertisement is wearing a permed black wig and moustache; he is meant to look like the Scousers in Harry Enfield's television sketches.

But he has a Japanese face, and the text beneath him reads: "To make a Japanese worker even more productive, turn him into a Scouser." The character is a key prong in the campaign to improve Mersey-

It is hard to think of a British region with a worse reputa-

tion among business peopla than Merseyside. But in some respects the image is unfair, says Professor Michael Parkin-son, an urban affairs specialist at Liverpool John Moores University.

For instance, Liverpool has a reputation for militant left council leaders and lazy workers, In fact, its politicians have been quiet as mice since the downfall of Mr Derek Hatton in the 1980s, while the Harry Enfield advert claims that Mersey productivity is 12 per cent

ahove the UK average. The Mersey Partnership, a joint public-private body, this year launched an advertising campaign aimed at husiness leaders and local people. The slogan, "Merseyside, a 'pool of talent", pops up in local newspapers and on T-shirts, though it has yet to equal the impact of such classics as "I Love New York" or "Glasgow's Miles Bet-

As well as the picture advertisements, the campaign used more factual adverts in which local companies made statements about Liverpool. One advert, for instance, quoted the managing director of GEC talking about the productivity of his Merseyside workers.

The partnership tried to reach locals too, with a booklet called "50 Mersey Facts" that emphasises the business successes of the region.

The idea is that if a businessman arrives for a day from London, it is crucial that his taxi driver gives him an upbeat account of Merseyside. "Local

MTL Trust Holdings has travelled a long way

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in 1882. At that time, our turnoter was £49m

people are the messengers," says Mr Duncan Fraser, a director of Finch, the advertising agency that devised the campaign. Half a million car stickers

and the same number of copies of an expanded booklet, "100 Mersey Facts", will soon hit the streets. Many local compa-nies are involved; the region's three football clubs will help distribute the stickers, and Royal Insurance is sponsoring the distribution of the new booklets.

The partnership claims that the newspaper adverts, which ran in the broadsheets, affected the perceptions of leaders of companies with more than 500 employeea, although they hardly reached the population as a whole. This fits in with the partnership's aim, which is to attract investment. But Mr

Neil Rami, marketing manager of the partnership, says that many business people remain suspicious of the region. Prof Parkinson believes that the people whose attitudes to Merseyside have been most affected by the campaign are

ers. He thinks they now have a clearer idea of the area's The partnership will receive European Union funds for the campaign if it can show on December 31 that the adverts triggered sufficient telephone inquiries. Mr Rami is confideot of meeting the EU targets. But he adds: "If we can't continue

the campaign, it might create more sceptics than there were

in the first place." He hopes for

an annual hudget of £1.5m to £2m, about a third of which would come from EU funds. This is small beer compared to the campaigns of some other British cities, points out Mr Christopher Gibaud, chief executive of the partnership. That makes it all the more important for the slogan to be selzed on by local T-shirt makers and companies. So far 40 Merseyside businesses use the 'pool of

There has been just one major slip-up so far. One adver-tisement, designed to show that Merseyside was no longer strike-prone, had to be pulled last month when dockers took industrial action. Mr Roger Prideaux, public affairs manager at Royal Insurance UK, one of the region's higgest companies, says: "The objective of the campaign surely must be that if there's a strike in Liverpool, it's regarded as no more impor-

tle, London or wherever." But the Mersey Partnership is acutely aware that such events have a higger effect on Liverpool's image than any advertisements can. Everything could be undone hy

tant than a strike in Newcas



Pertnership's chief executive

another Heysel or Hillsborough football tragedy, more riots in Toxteth, or the return to local politics of the legendary figure who sent council workers their redundancy notices by taxi.

Conversely, the forthcoming launch of Paul McCartney's Liverpool Institute of Perform ing Arts will provide exactly The pool of talent slogan was chosen partly to avoke Mersey-side's traditions of great music and football. Research for the campaign had found that busises deciding where to locate were most concerned about the quality of the local workforce. The underlying message of the campaign is that if you invest in Liverpool your workers will be as imaginative as the late John Lennon, and as effective as Ian Rush, the Liverpool foot-

Prof Parkinson warns: "I'm not absolutely cartain how much image affects investment. I think investors are pretty hard-nosed. They're not terribly interested in gossip about what the place was like five, 10, or 15 years ago.

But Mr Gihaud helieves many investors in the southeast are still saying: "Merseyside, forget about it." He knows what he is talking about "Five years ago I can remember heing asked about Merseyside and dismissing it. Wrong place, wrong time, wrong everything." The Mersey Partnership's is

the higgest campaign the region has ever unleashed. But Messeyside has a lot of ground to make up. "The north-east probably started before us, savs Mr Fraser. "And they never had Derek."

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WORKING WITH THE MERSEY PARTNERSHIP

Management mettle tested

Even a controversial lockout has failed to prevent the port from thriving

This looks like becoming the most significant year for the Port of Liverpool since the old Mersey Docks and Harbour Board defaulted on its bonds and went bust 25 years ago.

Its successor, the Mersey Docks and Harbour Company, has achieved record turnover and profits, leapfrogged up the league table of the UK's quoted companies, all but seen off a major competitive threat in the Mersey and sacked 350 striking dockers, replacing them with fewer but more flexibly minded workers - and it seems to have got away with it.

Few things could better symbolise the new Merseyside. The port has always been the main economic driver for Liverpool, Birkenhead and their hinterland. The area grew and prospered with the port from the early 19th century, the regional economy languished when the port declined.

But the port is now back and thriving: 20 years ego Mersey Docks was turning over £52m and losing nearly £4m; in 1984. turnover was still languishing at just over £50m, with pre-tax profit at £807,000: last year's turnover was a record £130m, with profits of £33.6m.

Even though the latest figures reflect Mersey Docks' takeover of the Medway Ports late in 1993. Medway's cargoes accounted for only 1.3m tonnes of 30.6m tonnes of throughput. Moreover, not only was the 29.3m tonnes handled in the Mersey better than in what was once thought the port's beyday four decades ago, but modernisation saw the job done with 350 dockers, rather

than the 10,000 of yesteryear. One result is that Mersey Docks as a company has successfully broken through the £250m market capitalisation ceiling that defines "small" quoted companies on the London Stock Exchange and is now attracting big company investors and financial institutions. This month market capitalisation has been running at nearly £400m, with the share price around 440p. The company and its stock were almost worthless e generation ago.

Two events in 1989 propelled Mersey Docks towards its current resurgence. One was the abolition by the government of the national dock lebour scheme, which gave dockers jobs for life. Any redundancy had to be voluntary. The scheme was expensive as the port sought to modernise,

The other came when the government set the company free by writing off £111.5m o debt - public funds ploughed in over many years to modernise the port and buy off thousands of redundant dockers. Mr Trevor Furlong, Mersey Docks' chief executive, gets

indignant with anyone who suggests this was an undeserved leg-up. "It was never 'our' money," he insists. "We ected as bankers for all employers in the port. With jobs legally guaranteed under the scheme, we were the employer of last resort when companies such as Smith Coggins, Ocean Port Services and Port of Liverpool Stevedores could not keep them on."

The abolition of the national dock labour scheme, bowever, has been truly tested only this year. In September, 80 men employed by Torside, an independent stevedoring company. lost their jobs when the company went into liquidation. Mersey Docks refused demands to employ them and sacked 350 of its own employees wben line set up by the Torside men.

Not crossing the line amounted to an illegal, unofficial strike which has, in effect, cut the men off from official support by the T&G transport union and split it. Full-time officials had warned them not to jeopardise their jobs. The union now has to act for bundreds of other workers throughout the port who crossed the Torside picket line,

60 of them dockers. The sackings have caused a wider split, as church and Labour party leaders bave sided with the unofficial strikers, pleading for their job reinstatement and claiming that to expect Mersey dockers to cross picket lines le unreasonable because of the area's traditions of labour solidarity.

		e 20-year n		
Year	Turnover (£m)	Profit/(loss) (2m)	Trade (m tonnes)	Dividend (p)
1975	52.2	(4.0)	22.5	Na
1978	60.8	4.4	21.3	NB
1977	62.7	4.1	18.5	NII.
1978	64.4	(1.5)	15.9	NA
1979	66.3	(7.5)	15.4	NA
1980	65.8	(6.3)	12.5	N
1981	61.4	(6.7)	11.0	NB
1982	55.5	(13.6)	9.3	· NE
1983	57.0	7.5	10.7	NR
1984	50.2	0.8	9.2	M
1985	53.0	2.4	10.2	Nii
1986	51.4	2.1	10.8	NII
1987	53.9	3.8	10.3	Nii
1968	55.2	8.5	19.7	Na
1989	57.1	8.3	20.3	4.18
1990	59.6	10.8	23.1	5.00
1991	69.5	18.2	24.7	6.00
1992	86.4	15.2	27.8	7.50

The dock company refused. measure of just how far the labour relations climate bas changed on Merseyside is that nearly 1,000 job applicants sought to replace those sacked. Moreover, Mersey Docks has contracted out most of its stevedoring to two independent companies, which are recruiting and training e new work-

Feelings are running high. Police are investigating claims of Intimidation and criminal

charges. Legitimate means of protest bave included pressure from Labour MPs and Mr Ken Stewart, the MEP for the area and e former Liverpool city councillor in the mid-1980s.

9.00

Support from US longshoremen has raised hopes among the sacked men that cargoes and ships will be blacked in the US. Meanwhile, some shipping lines are staying away until the new labour force is up to speed and can offer a competitive service with other European ports.



The Albert Dock: now a tourist attraction

■ Oil and gas: by Stewart Dalby

A lucky strike off the west coast

While they do not vet rival the North Sea, the new fields may have a life of 20 years

When oil and gas from the new Liverpool Bay fields start to flow early next month, it will be another landmark for BHP

Exploration, the operator. The company became e significant force in the UK oil and gas industry when it acquired Hamilton Oil in 1991. Hamilton, which had been an independent exploration and production company for more than three decades, produced the UK'e first North Sea off from the

Argyll field in 1975. tium of property developers RHP has naid for the with plans at Bhrkenhead for a exploration risk at what is floating stage and terminal for the expanding market in Irish set to be tha first commercially viable combined off and gas development off Sea roll-on, roll-off freight. Mr Furlong's competitive backles were raised by the Britain's west coast. It has a scheme, partly because it was 46.1 per cent stake in the his idea in the first place. Merintegrated Liverpool Bay seyside Development Corporadevelopment, shared with tion, which owns the Twelve Lasmo North Sea (25 per cent), Monument (Liverpool Quays site in Birkenhead, Bay) Petroleum (20 per cent) turned down Mersey Docks because it did not have enough and PowerGen (North Sea),

which has the rest. property development in its Two of the consortium's But Forth Ports wanted an four Liverpool Bay fields -EU subsidy from Merseyside's Objective One funding to make Hamilton and Hamilton North - contain gas only, its project viable. On the eve of while Douglas contains only the funding decision, Mersey oil and Lennox contains a Docks stymied its rival by mixture of both. All are in announcing it would finance shallow water in sight of its competing plans entirely land, with one only a few miles from the beach at

Ainsdale.

Reserves are estimated at

which should give the fields a

minimum life of 20 years, Oil

will be loaded onto tankers

and is expected to flow at a

rate of 70,000 barrels a day.

The gas, however, will be

landed at the Point of Ayr

terminal on the Welsh side of

the Dee estuary, to be piped

17 miles to PowerGen's new

generator at Connah's quay.

The BHP consortium has

1.2 trillion cubic feet of gas

and 150m barrels of oil,

from its own resources. The Irish Sea market is at present big enough for only one floating stage and ro-ro terminal, and EU money cannot be used to fund overcapacity. Officially, Forth Ports' proposal is still on the table, but it can be reactivated only in the unlikely event of Mersey Docks not going ahead. The upshot of all this is that,

economically speaking, a muscular Mersey Docks is back from the dead. Whatever the outcome of this year's problems, it is again at the core of the Merseyside economy.

This last point seems to be

the crux of it all: ehippers

expect up to 25 crane move-

ments an hour from an effi-

cient container terminal. Mer-

sey Docks claims It was doing

this two years ago, but says

performance declined to 15 as

dockside disputes developed

It says it was in danger of

losing traffic anyway, but now

has a realistic chance of regaining it. It has dug in and

says the only way the sacked

for jobs with its contractors.

Although the situation wor-ries Merseyside's image-mak-

ers, many business leaders

take a more robust view. They

say that the fact that the port

continues to operate proves the

era has long gone when Mersey dockers could easily bend a

Competitors have also tested

Mersey Docks' mettle this year.

Forth Ports joined a consor-

management to their will.

en can get work is to apply

over flexible working hours.

developing the field. Operational expenditure is likely to be £40m a year.

Although the reserves are relatively easy to access, Mr Charles Howsen, director of communications at BHP Exploration, says it would be wrong to assume that the fields have been cheap to develop. "There have been strict ecological and environment conditions to observe. This all cost money," he says.

Some 250 people will be employed directly in operations, but the question being asked on Merseyside is what the spin-off will be for the local economy in terms of contracts and jobs.

The oil and gas industries are internationally mobile and tend to be self-contained. Merseyside will not even see any of the oil, which tankers will shuttle to storage for export to north European markets.

Mr Charles Green is the oil

and gas expert at Sefton Borough Council. Bootle - part of Sefton - contains West Hornby dock, which BHP chose for the fields' supply base. He says: "We have tried to be conservative and not let expectations get out of hand. The Liverpool Bay development is still small compared to the North Sea, and the oil price is not what it was, Initially at least, much of the servicing will come from BHP's established base at Aberdeen. But we are encouraging companies to believe there will be

contracts they can get." Ms Rita Darwin, head of economic development at Seiton Borough Council, says: "Although much of the industry is self-sufficient, people have still got to eat: They want videos, There are all kinds of areas where local

companies can participate. "Don't forget Liverpool is a port. There is a tradition of marine engineering. There are also petrochemical industries like ICI and Shell in Runcorn and Ellesmere

Port. There have to be spin-offs for the local economy. We must make sure that people are aware of them," she says.

Some contracts have already been won. The local Bibby shipping line is providing manpower services and regular shnttles to the rigs and installations. There are currently 27 belicopter flights a day from Liverpool airport at Speke, again run

by a local company. One of the most encouraging portents is that the local anthorities are pulling together. In the past, the five district councils in Merseyside have often competed against each other

rather than act in harmony. Ms Darwin says: "It has been agreed that Setton will take the lead in co-ordinating our approach towards the growing oil and gas

industry." Mr Mike Swift, head of the Sefton Chamber of Commerce, has become heavily involved in promoting oil. He says: "It is difficult to predict exactly bow many jobs will be created, but £40m a year over 20 years is not exactly small beer. We are bound to get some spin-off."

The chamber and borough council have published a Merseyside Oil and Gas Directory, covering 500 companies which could supply the industry. "We have had 120 companies involved in 'meet the buyer' meetings. Contracts have already been signed for office furniture and flow machines as a result of these

meetings," says Mr Swift. Much depends, bowever, on a bigger industry emerging. Encouraged by BHP's success, other oil companies have bought licences and started exploration elsewhere in Liverpool Bay. Chevron has started drilling.

As Mr Green says: "A few more finds will make it economical to switch more servicing from Aberdeen. We are all living in hope."

4 MINUTES **FROM** LIVERPOOL CITY CENTRE



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SE METALE

COMMODITIES AND AGRICULTURE

MARKET REPORT

Coffee premium soars on supply tightness

intures ended generally weaker at the London Commodity Exchange yesterday, but concern about a dearth of supplies available for immediate delivery led to a further widening of the spot premium As the January position fell \$1 and the prompt November rose \$35 the premium, which ended last week at \$172 a tonne, soared to \$290.

"The market is quite well supported," commented one dealerr. "The structures are

Traders said there was some caution ahead of the meeting of the Association of Coffee Producing Countries in Bali next Monday, but little drastic action to shore up weakening coffae prices was expected. "What else can they do?" a trader asked.

An ACPC official said it

would make sense to extend the export retention plan past June 1996, when it is due to end, but traders thought that was unlikely. "I don't see how they finance the plan already."

LCE COCOA futures prices drifted to end at the day's lows in mostly quiet conditions. The March delivery position closed down £6 at £956 a tonne but was well above Wednesday's low and nearby support level of £950.

At the London Metal Exchange ALUMINIUM prices managed to clear the \$1,700-atonne level but chances of sustaining a solid rally in the short-term did not appear great, analysts said.

just over \$40 on the week so far. More physical business had been seen recently, consumer interest was picking up and aluminium was becoming less influenced by copper, trad-

The physical activity suggested destocking might be ending they added. Production was on an upward curve and there was plenty of stock avail-

Precious metals firmed The three months delivery slightly in the afternoon after position ended at \$1,710 a early selling from the Far East

was well absorbed, dealers

"Hong Kong dealers were good sellers overnight which seemed well absorbed on the London opening which looks positive for the market," a dealer said. Others said a central bank was a significant

They identified the \$382-atroy-ounce level as the price which was apparently being defended by the producer-coun-try central bank in morning

Australian cotton processors abandon merger plan

By Nikki Talt in Sydney

Two of Australia's biggest cotton processors, the Namoi Cotton Co-operative and the listed Queensland Cotton Cor-poration, are halting plans for a merger. Had the deal, first announced in July, gone ahead, it would have created the country's biggest single cotton-ginning and marketing operation, with sales in excess of A\$438m.

A formal statement from the companies said that the merger's collapse came after "months of due diligence" and "was the result of the inability of both parties to reach agreement on some key aspects of the merger".

Elaborating on this later, Mr Richard Haire, chief executive

of QCC, said that he felt the deal had foundered on scale of changes facing Namoi - which would have lost its co-operative structure - and the price being asked in return for making those changes. In addition, he suggested that the currentbuoyant outlook for the industry, after several poor droughtaffected seasons, had removed some of the pressure for the

This is the second time Namoi, one of the largest grow-er-controlled ginning and marketing operations in the world, has been involved in abortive merger talks; plans for a merger last year with Cotton Trading Corporation, the independent cottoo marketer, subsequently broke down. Namoi has around 600 grower mem-

bers, but has seen mixed financial results recently. It said this week that it was still committed to making "fundamen-tal changes" to the business. and would outline these next

The deal had been given a green light hy the Trade Practices Commission, the country's competition watch-

Rubber group faces limbo with confidence

Leading rubber producing and consuming nations hold their last council meeting here next week before sitting back to await a fresh rubber pact to give the trade and their inter-national grouping a new lease of life, reports Renters from

Kuala Lumpur.
Their International Natural
Rubber Organisation will be in
a state of limbo until the new and third International Natural Rubber Agreement comes into force, but it will not sbut its doors, officials say. "I don't believe there'll be a

depressed sectors such as conmove to liquidate Inro," says Mr James Hegariy, the organisawnwood and paper markets, sation's buffer stock manager. stockbuilding in expectation of "Most governments have higher prices has led to oversaid they will ratify Inra III and we bave M\$70m supply and downward pressure on prices. Market pulp prices (US\$27.7m) in buffer stock funds to keep operating until the pact comes about."

Inro, based in Kuala Lumpur, is the last of the commodity groupings with some mus-

timber market remaining gloomy Sawn softwood production is expected to increase slightly in 1995 to 74.6m cu m because some countries raised output earlier in the year before

The European market for forest products has sagged unexpectedly this year and is demand and prices fell. But production is forecast to fall expected to decline further in 1996, according to the UN Eco-nomic Commission for Europe. back next year to 73.2m cu m Softwood log production and In its annual review of forest consumption are predicted to product markets for 1995 and 1996, the ECE says the indusfollow similar trends. try's prospects have heeo dampened by sluggish eco-

UN body sees

Better prospects are seen for European hardwoods, with demand and output rising. Parquet flooring markets have doubled since 1986, the review notes. Temperate hardwoods are also increasingly a substi tute for imports of tropical to fall this year to 2.2m cu m the lowest level in a decade. Some eastero Europear

peaked in autumn 1995, after doubling over the previous two years to record levels. countries, such as Poland, are also seeing dynamic expansion of the forestry sector. Russian The UN body also warns that sawnwood output, now only a heavy investment in the woodthird of 1988 levels, has contin based panels sector may not be "fully justified by trends in the ued to fall this year but the ECE predicts a rise in 1996.

The body says European for ests are under exploited, with After rising in 1994 following three years of decline, sawn wood removals far below the biological potential. "Efforts should be made to develop year by 1.2 per cent, to 73.3m markets io order that the potential can be better utilised," the ECE argues.

Ghana's headlong gold rush continues

Mining law reforms have proved so effective they are being widely copied, writes Kenneth Gooding

pace. It is being encouraged by the government's new mining laws that have been so effective that they are being copied by countries all over the world, particularly those that want to see more foreign investment in their mining industries. But Ghana is also stressing that, although it was once called the Gold Coast, the country can offer other mining opportunities. As Mr Kofi Ansah, chief

executive of Ghana's Minerals Commission, emphasises: There is more to mining in Ghana than just gold". He says that to promote foreign investment in non-gold mining projects "we will give as much as the law allows, for example by postponing royalty payments". Much of the country has over by gold explorers, and Ghana is to fill in most of the gaps with an aerial geological

the northern part of the coun-The World Bank is helping to finance this project. Mr Ansah, speaking at the Minerals Commission's offices in a quiet suburb of Acra, says his government will own tha data and

Western world gold mine

production could increase by

up to 300 tonnes a year by 1997,

according to an industry survey by the Brook Hunt consul-

tancy, reports Reuters.

After 15 years of uninter-

rupted growth, production was

slightly lower last year and

leading producer South

Africa's share of the total con-

tinued to slide to 31 per cent

BASE METALS

survey of the Volta region and



Mr Kofi Ansal: He says "there is more to mining in Ghana than just gold".

mining companies will be asked to pay for the information - but at a rate well below cost. The survey will give a

available", he points out. Apart from an abundance of potential gold "targets", previ-ous exploration has established that Ghana has two more hig undeveloped bauxite deposits and a limestone deposit in the western region: . .

There is also a manganese deposit in the same region which, says Mr Ansah, is being tentatively examined by BHP,

from 75 per cent in 1970.

Barring a large, sustained jump in gold prices, the inexo-rable decline of South Africa as

a major gold producing country is set to continue," the sur-

vey says. The US is forecast to mine an extra 40 tonnes annu-

ally by 1997, if planned major

projects go ahead.
But the rate of growth of the

US. Canadian and Australian

Base metals continued

E LNE AM Official £/5 rate: 1,5642 LME Closing £/5 rate: 1,5637

There are also diamonds in the Birim River. De Beers, the South African group that controls 80 per cent of the world's trade in rough (uncut) diamonds, decided against taking a controlling stake in the state owned Birim River Diamonds, saying that most of the stones in the river were mainly too small. A number of small companies are now queueing up to see what they can make of the

opportunity. Diamonds contributed \$21m of Ghana's foreign earnings last year, well behind the \$527m it earned from gold. Bauxite exports brought in \$9.2m. about the same as the \$9.65m from manganese.

The state-owned Ghana National Manganese Corporation is also on the list for privatisation. Mr Ansah says the tisation programme, is making clear it does not believe that it should be directly tryolyed in operating mines, or minerals processing plants. Elkem of Norway was

selected as a potential partner for the government in the Manganese Corporation because the Norwagian company Western output forecast to rise 300 tonnes by 1997

industries is slowing as atten-

tion shifts from easily-mined

oxide deposits to more difficult

orebodies. Increasingly strin-

gent environmental and legis-

lative criteria for mining per-

mits are a further deterrent to

developers, the survey says. The possibility of US federal

royalties on mine production

also led to a switch of cepital

to mining prospects in Latin

itself. But Elkem said this month that it was not interested in taking a stake in the Ghanaian company.

Mr Ansah says he personally was not convinced that the processing scheme would come to anything because it apparently would call for the availability of cheap power and "the days of cheap power in Ghana

hana has suffered power shortages because of explosive demand - consumption is growing at between 8 and 15 per cent a year - and a long drought that affected its two hydro-electric power plants. Two years ago mining compa-nies were told that they could not expect any extra power if they wanted to expand.

from 1997 when the first phase of an oil-based power scheme comes into operation. This will add 25 per cent to Ghana's power generation capacity but will also add to the cost. The government will also privatise power generation and this is expected to raise power costs further, says Mr Ansah. There is one exception to the

privatisation rule. Ownership

By 1997 about 150 tonnes of

additional gold will be pro-

duced in developing countries

including Chile, Indonesia,

Ghana and Papua New Guinea

which have benefitted from the

spread of exploration and

Production costs have fallen

Soviet Union.

America, Asia and the former 1994 terms since 1987 and aver-

by over \$100 a troy ounce in has risen by 47 per cent.

Softs continued

73.25

MOT PREMIUM RAW SUGAR LCE (cores/lbs)

where the government owns 55 per cent and Alcan of of Canada the rest, will not change. Mr Ansah says Alcan persuaded the government to keep its stake. The Canadian group probably was influenced by the fact that the viability of the beuxite company relies heavily

of Ghana Banxite Company,

ernment owns the railway. There are no substantial plans to introduce downstream operations at the bauxite company - by processing bauxite into alumina - as this would be too costly. But the company will spend a modest \$3m on a facility to produce alumina sul-

on rail transport - and the gov-

Mr Ansah says that most foreign mining companies suggest that Ghana's mining laws and policies offer a good balance between the interests of haves-

"The government is gaining great deal from mining investment - there is no way we could develop all the mines ourselves," he points

He admits, however, that while mining might be good for Ghana's economy, it is not always environment friendly. For example, difficulties sometimes occur when mining com-

age costs are continuing to

decline with the development

of lower-cost mines and the

decline of South Africa as a

producer. Higher productivity

is a major factor in these cost

reductions, the survey savs.

The total employed in gold

mining has fallen by 18 per

cent since 1986, while output

which local communities depend. We put pressure on the companies to keep such problems to a minimum and the international lending organisations such as the International Finance Corporation and the World Bank are also putting on a lot of pressure - that often has more influence than government pressure.

The flotation of Ashanti Goldfields on the Accra and London stock exchanges last year - a move that enabled the government to reduce its shareholding in the country'e premiere gold producer – helped to raise Ghana's international profile and "higher quality" mining companies are now showing an interest in the country, says Mr Ansah. He cites Western Mining, one of

groups, as an example. When foreign mining compa-nies are asked what Ghana

could do to become an even more attractive place to invest, they frequently ask for personal tax concessions for ex-patriot personnel. Mr Ansah says his government will not budge on this point, however, it is simply not Ghana's policy to

Contained reserves in the

operations covered by the sur-

vey have increased by over 200

per cent and mine production

by 40 per cent over the past 10

years. Reserves should expand

again after last year'e pause.
This implies a healthy indus-

try supported by good margins

and steady inflows of capacity

to fund growth," says Brook

LONDON SPOT MARKETS

E CRUDE OIL FOR four berral/Jan)

Hunt

Further falls forecast in Chinese copper market

Copper futures are likely to hit their second-highest point China until early next year, mainly because of weak spot demand under Beijing's continued ansterity measures, according to local analysts, reports Reuters from Shang-

softwood consumption in

Europe is forecast to sllp this

cubic metres, and by another 1.7 per cent in 1996.

nomic growth and high real

interest rates, which have

In some sectors, such as the

Prices have been dropping on the Shanghai and Shenzhen metal exchanges since August, with demand steadily decreas-ing, despite a steady international trend, they said.

Late in August, copper prices on the London Metal Exchange

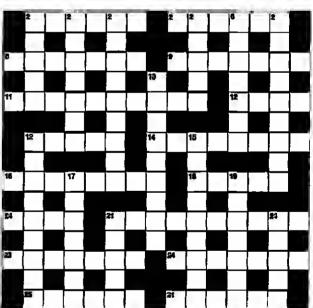
remain in a downtrend in this year of \$3,063 a tonne but their counterparts in China failed to follow and stood at Yn31,000 a tonne, Yn1,000 yuan lower than in June.

LME copper's subsequent slide below \$2,800 has been fol-lowed in China, however, where it was recently trading at Yn26,000.

"Weak spot demand on the domestic market was the main factor," said Mr Wang Ji, an analyst with China International Futures (Shanghai)

CROSSWORD

No.8,927 Set by GRIFFIN



3. 21 down To refrain from fering doo't use any my GP (6.6) 8 College fellow withdraws 15 Not what one would comment, ringing article in expect from an ecceotric (3.2.9)

righten second call girl with in mine (7)

11 Bolt into bed elsewhere, having stopped up (7,3)

12 In bed gentlemen have the 10 Dalsy? (9) advantage (4)
13 Unmarried male is in passage

14 Quietly I said "see note on 17 Making Lisa run off is narsolo arranged for flotes" (8)

18 Longs to embrace sick Greek

19 Cheated out of nothing by the

hero (8) tearsy
18 Remains of male donkey 21 See 3
found outside (5) 22 See 7
20 Ex-coppers getting into very
big scrape (4)
21 See 1 down
22 Flowering in front of weaver's placeting big (2 F) plastic bin (2,5) 24 After the races close in like

guards (7) 25, 26 One always sells out (6,6) DOWN

1, 21 across Cornish banker to appeal at introduction of film (5,10) 1, 13 down Unforeseen encoun-

ters which make people late? 2 Intimidates chaps with unbeatable serves (7)

DOLDRUMS SLUPUP
O I O E I E A
GALLOWAY AGHAOT
E V M M A M R E
MOWAY OECATHLON
D H E 7 S 7
LITTER OTOICAL
A 7 A U A Y
ERESIA PUTOFF
T K C I E P
ENDOFTERM ROTOR
R E O S E O E E
AUBUAN SNOWDROF
L U C T A I A
LATMER BOUNDARY

Solution 8.826

tearaway (?)

Coming round to drop a note in mine (7)

JOTTER PAD BRVISE vio counsel, guide, excoverage, suggest, urgs. If your electricity bill is over £12,000 pa, we advise you to switch to an Eastern contract where you could save more than you'd think.

A MILLION MILES FROM THE HASSLE

COMMODITIES PRICES LONDON METAL EXCHANGE

(Prices from Amelgameted Metal Tracing) .

R ALCOMMUNE, 89.7 PURITY (5 per tonne) Cosh 1676-77 Previous
High/low
AM Official
Kerb close
Open Int.
Total daily turnover 1657-58 1671 ALUMERIUM ALLOY (\$ per tonne Previous
High/low
AM Official
Kerb close
Open int.
Total delly turnova: 1400-10 E LEAD (S per torme) 721-22 726-27 725/718 722-23 722-3 748/745.5 745-45.5 Kerb close 32,216 3,876 Open Int. Your delily turnover MCKEL (S per tonne) 8690-65 8680-70 8570-80 8540-50 Close Previous High/low AM Official Kerb close Open int. Total daily turnover 43,660 10,643 TRE (S per torrie) 8430-35 6400-10 Close Previous High/low AM Official Kerb close Open int. 6450-55

17,572 5,071

82,303 11,815

2984-89 2985-88 2957/2955 2856-58

COPPER, grade A (\$ per torine)

1053-54

2741-42 2756-58 2755/2732 2738-39 2740-41

Total daily turn

ZINC, SP

High/low
AM Official
Kerb close
Open Int.
Total daily for

Close Previous High-flow AM Official

Spot: 1,5836 3 miles: 1,5807 6 miles: 1,5588 9 miles: 1,5588 PRECIOUS METALS E LONDON BULLION MARKET Prices supplied by N M Rottschild \$ price £ equiv SFr equiv 382.00-382.50 382.20-382.60 382.55 282.80 244.575 435.265 282.80 244.788 435.780 362.80 362.80-383.10 382.10-382.40 Day's High Day's Low 382.10-382.40 Previous close 384.80-385.10 Loco Lda Meen Gold Lending Rates (Vs USS)
1 month 2.06 6 months 2
2 months 2.05 12 months 3 9/10y CZ. 392.05 387.35 US ats coults. Shur Fix S months 532.00-543.25 341.55 350.25 2 equiv. 248-247 Gold Coins S price 385-388 57-50 90-92

COMEK, NYMEX, CST, NYCE, CME and CSCE FUTURES DATA

All futures date supplied by CMS. **ENERGY** CRUDE OIL IPE (\$/Derror) -0.01 16.61 16.64 2.53 2.318.
-0.03 16.56 18.44 2.49 21.867
+0.03 16.57 18.27 918 15.759
+0.03 16.07 18.13 71 8.12
+0.03 16.07 18.07 2 2.004
+0.04 -0.04 -0.05 18.07 18.07 18.07 15125 +0,75 157.25 155.25 1,845 24,225 155.75 +0,75 155.75 155.25 1,865 25,899 155.55 +0,25 155.75 155.25 1,865 25,899 155.75 +0,25 155.75 155.95 354 5,465 155.75 155.95 355 1,855 155.25 +0,25 155.75 155.95 325 1,855 155.25 +0,25 155.00 145.50 22 1,155

129 196 157 35 E BARLEY LCE (2 per torms) 118.00 - 118.00 118.00 118.40 -1.20 119.25 118.75 120.75 -0.85 128.75 120.75 E POTATOES LCE (E/lorne) -8.5 258.0 250.0 -20.8 - -55 1,167 - 6 1,175 E FREIGHT (BIFFEX) LCE \$104ndex point) 624 1515 1515 1505 1505 1350 1350 15 1,240 29 451 - 84 59 3,629 Total SOFTS ■ COCOA LCE (E/tonne)

GRAINS AND OIL SEEDS

WHEAT LCE (2 per torne)

-2 927 -6 565 -7 563 -7 1903 -5 1023 -7 1972 918 956 973 994 1019 919 956 978 992 1012 327 14,916 215 5,817 220 26,479 406 6,380 COFFEE LCE (\$/torne) +31 -36 -58 -62 -59

30 919 759 Z37 II ALLIMNUM S COPPER (Grade A) LME E COFFEE LCE 875 ____ 2465 2430 182 965 2185 2160 1,794 14,645 2077 2034 1,813 8,040 1998 1995 507 4,071 1995 1890 345 1,215 1893 1885 26 402 4,844 28,385

352.3 -4.2 363.0 352.5 342.7 -6.2 342.6 342.5 363.3 - 353.5 353.5 362.6 -8.4 363.5 263.3 264.3 -0.4 263.5 264.8 263.3 -0.1 -LONDON TRADED OPTIONS Strike price \$ tonne - Calls - - Puts -133 72 33 28 60 119 214 164 157 __ 124 __ 78 __ 39 115 75 43

Wool Prices eased at auctions in Australia, South Africa & New Zealand. Traders were surpfised flowever when prices of Smitsh wool in Bracford were relatively steady to firmer caspite limited hope of better business before ciristmas. Retail trade in the UK, Europe & eleswhere is not good. Renaiers with stock and margins under pressure are delatedned to buy more than they lisel seeartial. Currency had mode effects during the week, but in starting terms show little orlangs overall. The Eastern market indicator in Australia closed at 611 cts/kg. companyed with 126 leat week.

\$16.73-6.76 S18.05-8.00 **III OIL PRODUCTS NWE prompt delivery CIF tronnel** Premium Gasoline Gas Oil Gas Oil Heavy Puel Oil Naphtha Jet fuel Dissel Paroleum Agus, 1 E OTHER Gold (per troy ox)\$
Stiver (per troy ox)\$
Platinum (per troy ox.)
Pelledium (per troy ox.) 828,0c \$412,00 \$183,00 125.0c 41,75c Copper Lead (US prod.) 304.5c Cattle (ive weight)† Sheep (ive weight)† -0.62 Figs (live weight)† \$303.80 \$392.60 Lon. day sugar (raw) Lon. day sugar (wite) Bartey (Eng. feed) Meize (US NoS Yell Wheet (US Dark Nor Unq 111.25p 111.25p 427,0m Rubber (Dec) P Rubber (Jeri) P Rubber (RC, RSS No1) Coconut Oil (Phill)S Paim Oil (Malay)S Copra (Phill)S Soyabeans (US) Cotton Outlook'A' Index \$750.0y \$587.5y 488.0y

INDICES ■ REJTERS (Same: 18/9/31=100) Nov 23 Nov 22 month ago year ago 2178.4 2182.7 2108.7 2138.3 ■ CRS Petures (Base: 1967=100) Nov 22 Nov 21 mosth ago 241.54 241.54 ■ GSGI Spot (Sass: 1970=100)

Refug. o cente/fo. L u Now/Jen. 9 w cel. § CXF Rome-

INTERNATIONAL CAPITAL MARKETS

Rate-cut prospects prompt modest rises | Regulators find disclosure

By Richard Lapper

Actual and expected cuts in interest rates were again the main focus of attention in the European sector, helping a modest rise in prices in most markets. But with the US closed for the Thanksgiving Day holiday, trading volumes were thin.

The main economic data of the day came from Germany, with consumer price index figures for the state of North-Rhine Westphalia providing further indications of subdued inflationary pressure.

Figures for November showed inflation unchanged on

Mr Julian Jessop, international economist at HSBC Markets, said the core components of the index were all flat or lower and that the underlying picture was encouraging for the prospects of an early rate

Mr Ian Douglas, head of bond research at UBS, agreed. "It is just a matter of time. Whether before Christmas or in the first quarter of next year, German rates are going to come down. All this is very positive for the long end of the market," he

Yesterday, the 10-year yield spreads of German bonds over US Treasuries narrowed again. basis point to 24 points. and futures contracts closed slightly higher.

shrugged off disappointment stemming from the Bank of France's decision not to reduce its five to 10-day rate, leaving it unchanged at 6.10 per cent. On Matif the 10-year futures contract settled at 119.30, up

GOVERNMENT BONDS

■ Gilts continued their strong performance in the run-up to next week's budget, with the December 10-year reaching a new contract high of 109%, before falling back to close at 109%, up more than a quarter. Mr Andrew Roberts of UBS said demand from interna-

The French markets tional investors was the main factor helping glits break into a new trading range.

THE RELEASE OF THE PROPERTY OF

Scandinavian markets had a mixed day. A higher than expected cut in the 14-day CD rate - by 15 basis points to 5 per cent - provided support for the Danish market, which outperformed Germany, but Sweden slipped back.

Mr Douglas at UBS said the Danish market had been buoyed by lower than expected inflation numbers earlier this week and since the Danish central bank had now finished its funding programme for 1995, there was less supply pressure hanging over the market Yesterday's rate cut boosted prompting some steepening, with the spread between two and 10-year bonds widening by 5 basis points to 205 points. At the longer end, yields on

the nine-year benchmark - the 7 per cent due 2004 - fell by three basis points. The 10-year yield spread of Danish bonds over Germany narrowed by 1 basis point to 120 points. The Swedish market lost

some ground, partially as a result of profit taking. Swedish yields over Germany widened by 7 basis points to 261 points.

E Spanish markets started well but drifted back after the Bank of Spain opted not to reduce the repo rate from its the short end of the curve,

or sudden contractions of current 9.25 per cent, and closed only slightly higher. liquidity. Information of this kind is important because the enormous growth of business con-

ducted off-balance sheet - usually resulting from dealing in the swaps and derivatives market - has made it difficult for reeplators and market practitioners to assess the real financial health of banks and securities firms. The report examined the

By Richard Lapper

International banks and

securities houses have made

progress in increasing the

amount of information they

disclose about their activities

in the derivatives markets,

The report - issued jointly

by banking and securities

industry regulators - shows

that banks, especially in the US, are giving more informa-

tion about their exposures to

adverse movements in the markets, defaults by creditors

according to a recent report.

level of disclosure by analysing the 1994 annual reports of 67 banks and 12 securities firms. The researchers then compared the information with that disclosed by the same firms a year previously.

The exercise revealed a marked rise in the willingness of banks to make public details which had previously remained confidential.

All of the banks and firms surveyed, for example, provided details of the notional amounts of their derivatives holdings, compared with only

67 in 1993. Almost half the banks and all the securities firms notified details of their derivatives

Nearly twice as many banks and houses (25 compared with 13) provided information distinguishing their over-thecounter positions from their exposures on traded derivatives markets. Twice as many banks (31

combined maturity schedule, giving details of the outstanding maturities of derivatives on their books.

of activities has improved

Dealers are also providing more information relating to credit risk.

For example, a total of 45 banks and securities houses compared with 35 in 1993 - disclosed the so-called "risk-based capital credit equivalent amounts of derivatives" (a measure of the potential future credit risk stemming from swaps and other derivatives

DERIVATIVE INSTRUMENTS

Twenty-one banks and six accurities firms provided details on the counterparty credit quality of their deriva-tives portfolio, compared with five and one respectively in

More information was also supplied allowing shareholders and customers to assess the exposure of firms to particular industries or geographical

The most notable change in 1994, however, was the provi-sion of so-called market risk information - drawn from value-at-risk computer models which monitor day-to-day exposure to movements in the prices of shares, bonds, currencies and other financial instru-

Eighteen banks and houses provided quantitative market risk information compared with four firms in 1993.

The report also found that banks are providing more qualitative information, reporting, for example, on the approach they edopt to particular risks and the management groups responsible for implementing policy, although the results are

There remain significant differences across large, inter-

against 15) provided a so-called nationally active banks and securities firms with respect to the type and usefulness of information disclosed." report says.

The bearing

The most obvious differences stem from distinct national

approaches. Italian banks score badly on virtually all counts. None of the eight surveyed provide details of market or credit risks nor any qualitative

By contrast, US banks appear to be in the vanguard of sophisticated risk mana practice, undoubtedly reflecting their greater experience in the area.

More than half the 10 banks surveyed provide very detailed assessment of market risks, giving shareholders details of the daily changes in the values of portfolios and the effect of derivatives on so-called gap positions - which measure the difference between the maturities of assets compared with Habilities.

Mr Tim Shepheard-Walwyn international adviser to the Securities and Investments Board, the UK securities industry watchdog, welcomed tha

This is an area where we have made significant progress," he said. The report reflects the "increasing interest in the use of market mechanisms to impose discipline", he added.

"By underlining the need for firms to make their own credit decisions based on good quality information about their counterparties, good practice is reinforced by market disci-

Public Disclosure of The Trading and Derivatives Activities of Banks and Securities Firms. Joint Report by the Basie Committee on Banking Supervision and the Technical Committee of the International Organisation of Securities Commissions (Iosco), November

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D-Mark debut by Buenos Aires well received

By Conner Middelmann

With the US closed for the Thanksgiving Day national holiday yesterday, trading in the eurobond market was subdued and primary activity was limited to only a handful of non-dollar issues.

The Argentine Province of Ruenos Aires made its debut in the D-Mark sector, with a DM150m issue of three-year bonds via Salomon Brothers

INTERNATIONAL BONDS

and Westdeutsche Landesbank Girozentrale, the investment bank affiliated with Germany's savings banks network which represents a large pool of retail

Indeed, retail buyers were attracted by the bonds' 10 per cent coupon and re-offer price below par, the lead managers said. They also reported good demand from emerging-market fund managers and some switching into the bonds out of Venezuela'a DM500m issue of three-year bonds, launched on

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

BOND FUTURES AND OPTIONS

IL LONG TERM FRENCH BOHO OPTIONS (MATIF)

UK GILTS PRICES

Monday. The Province of Buenos Aires is rated B1/BBcompared with Venezuela's rat-

ing of Ba2/B+. Buenos Aires was the third Letin American issuer to tap the D-Mark sector this week, following offerings from Venezuela and Argentina. This slew of issues has pushed back the widely flagged DM200m fiveyear D-Mark debut of the Republic of Colombia, which is now likely to come early next

The delay is partly due to Colombia's desire to differentiate itself from other Latin credits: while this week's new bonds, with coupons between 10 per cent and 10.5 per cent, were priced at yield spreads of between 465 and 565 basis points over German government bonds, Columbia's offering is expected to have a coupon of around 7 per cent, yield 160 to 170 basis points over the interpolated German govern-ment yield curve, and to be targeted at institutional rather

than retail investors. Chile and Columbia are the only investment-grade rated Latin American issuers, but

7.81 11.27† 1.32 2.69 6.31 10.41 10.37 8.88 7.05 7.86 7.80 0.00 0.00 7.23

Treatury Site and Bond Yields
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5.62 Three year
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5.52 10-year
5.40 30-year

High 97.93 07.32

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91,4000 95,4700 120,7020 113,5880 103,1600 108,3200 96,9300 82,3650 103-30 105-25 109-21 0-00 101,7500

NEW INTERNATIONAL BOND ISSUES D-MARKS CLF Hypo. Berlin(s.lit Province of Buenos Aires STERLING GenFinance Lux.(b,) **GUNLDERS** 7.25 102 R3 Jul. 2005 0.425 +55(79/96-05) ABN Armo House Govett ITALIAN LIRE Abbey Nati Treasury Services 101,105 Dec.1997 1.125

7.50 Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager, ‡ Floating-rate note. Rt float no-offer price; fees shown at re-offer level, at Oeffentliche plandarief, at) 6-mith Liber fact, b) Callable on 5/1/ 06 and every 6 yes thereafter at per, if not called, coupon is reset to yield 270bp over the then 5-ye gift. c) Fungible with FI 250m. Plus 142 days accrued, § Long 1st coupon, s) Short 1st coupon.

Chile has no paper outstanding in the eurobond market. Elsewhere, GenFinance, the Luxembourg-based financing arm of Belgium's Générale Bank, launched a well-received £100m issue of 9 per cent perpetual step-up bonds with a call option after 10 years.

The paper was priced to yield 120 basis points over the 10-year benchmark gilt; if the bonds are not called, the coupon steps up to 270 basis points over the prevailing five-year

M NOTIONAL (TALIAN GOYT, BOND (BTP) FUTURES

Sett price Change 01,71 +0.11 91,64 +0.16

Open Sett price Change High Low E Dec 108-27 109-04 40-09 109-08 108-25 Mar 108-07 106-17 40-09 108-20 108-07 Rt LONG GRLY PUTURES OFTRONS (LEFE) \$50,000 64ths of 100%

Set price Change 117-13 +0-02 117-04 +0-02 115-20 +0-02

-2 USH 1193 -2 USH 1193 -3 USE STA -4 U

45% 44% 57% 34% 25% 25%

7.81 1282 7.86105398 7.82 9924 7.72 100.5 7.70 102.2 7.87 122% 7.76 105% 7.78 105% 7.78 105% 7.82 101%

7.86 85% at 7.86 110% 7.86 110% 7.85 80% 7.85 101% 7.86 90% 7.83 101% 7.87 106% 7.82 148% at

8.71 8.04 7.80 7.75 7.83 9.50 8.06 8.95 8.27 7.88

8.12 7.90 5.86 6.17 7.91 8.05

122,59

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| ITALIAN GOVT. BOND (STP) FUTURES OPTIONS (LIFFE) Lin200m 1000m of 100% | Sylve | CALLS | PUTS | PU

J.P. Morgan, lead manager of the deal, reported strong demand, especially from UK institutions but also from continental European investors. who took about 30 per cent of the issue.

Elsewhere, Mr Reinoldijus Sarkinas, the finance minister of Lithuania, said that the Baltic state hopes to make at least. part of a planned \$60m eurobond issue before the end of the year, Reuters reports. 'I hope that part of the gov-

for Lithuania but the two sides are still discussing the interest rate. Lithuania wants the cou-pon to be below 10 per cent while Nomura says it should be above that level.

conference in Vilnius.

this year and the rest next

year," Mr Sarkmas told a news

Nomura International is arr-

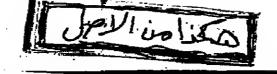
anging the launch of the bond

Lithuanian representatives have been making presentations about the small Baltic state to potential investors in ernment bond will be issued London and New York.

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	-	45 44									-		Very comment them succeed a re-	~			



CURRENCIES AND MONEY

MARKETS REPORT

Dollar ambles sideways in holiday atmosphere

By Philip Gawith

With markets shut in the US for Thanksgiving Day, and also in Japan, foreign exchanges were yesterday consigned to a day of very quiet trading.

The main currencies continued to move in the fairly narrow ranges that have characterised recent trading sessions, with markets generally bereft of any inspiration to provide fresh trading direction.

The next event with the potential to break this torpor is the Bundesbank council meeting next Thursday. Many observers believe there is a reasonable chance that the Bundesbank will cut its official The dollar ambled sideways

to finish in London at DM1.4186, from DM1.4085. Y100.655, at Y101.03.

Sterling continued its steady rally off the historic lows reached last week. Against the D-Mark it closed at DM2,2093,

from DM2.1991. Against the dollar it closed at \$1.5629, from \$1.5613. The trade weighted index closed at 83.1, up from 82.8, and the low of 82.2 reached earlier this week.

In Europe the D-Mark was slightly weaker against most other currencies. It also lost ground against the yen, which finished at Y71.21, from Y71.71.

■ Christmas always seems to coms earlier in the foreign exchanges, and this year is no different. Traders were ye day surpassing each other to describe the slow pace of activ-ity. Mr Mike Gallagher of IDEA, the financial markets consultancy, said: "Today is wore than Christmas eve!" Mr Alan Collins, senior man-

ager corporate treasury at Mer-----Cines --1.5638

1.5825 1.5807 1.5513

ita Bank in London, told Reuters: "You'd find it amazing little is

through...Apathy rules."
Mr Gallagher said the most recent market survey conducted by IDEA showed opinions about future trends to be closely bunched around current spot prices. There was an absence of strong conviction about the trading outlook.

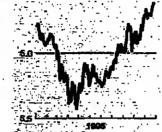
how

both interbank traders and corporate/institutional investors were found to be slightly underweight sterling ahead of the budget next week. Mr Gallagher said: "This

reflects recent selling on fears that the budget will contain some sort of policy stimulation that will lack credibility." He said he believed these fears could well prove to be unnecessary. "The market has focused too much on tax cuts and too little on spending restraint."

Commenting on the dollar,

Acininst the D-Mark (SKr per DM)



cient attention had been given to the "impressive" US trade figures released earlier this week. "Four years of gains in Japan's surplus with the US

This trend has the potential to fuel a dollar raily in the New Year, although Mr Turner

was the only leading economy where rate cuts were not under discussion, and this could bolster it in the short term.

■ Two European currencies which have performed well recently are the Swedish krona and the peseta. The krona has recovered to SKr4.62 against the D-Mark, from a low of SKr5.43 in April, while the peseta has been steady around the Pta85 level, having sunk to Pta98.55 in March.

The krona's rally has come on the back of an improved export performance, which has improved the current account position, and improved tax revenues. Domestic investors have also become mora optimistic about the budget situation.

"There has been a big re-rat-ing of the Swedish fundamen-tals, helped by the obvious desire of the central bank to see a stronger currency," said Mr Turner.

combat inflationary pressures with a stronger currency rather than through higher interest rates, especially given that exports are atrong, while domestic demand is soft.

The peseta, meanwhile, is a potential beneficiary of the renewed focus on the Maastricht criteria. Spain is seen as having an outside chance of meeting all of the criteria, and this is prompting a re-rating. "It is the dark horse of EMU," said Mr Gallagher.

■ The Bank of England pro vided £720m assistance towards clearing a £700m daily market shortage. Futures markets continue to discount a 50 basis point cut in interest rates

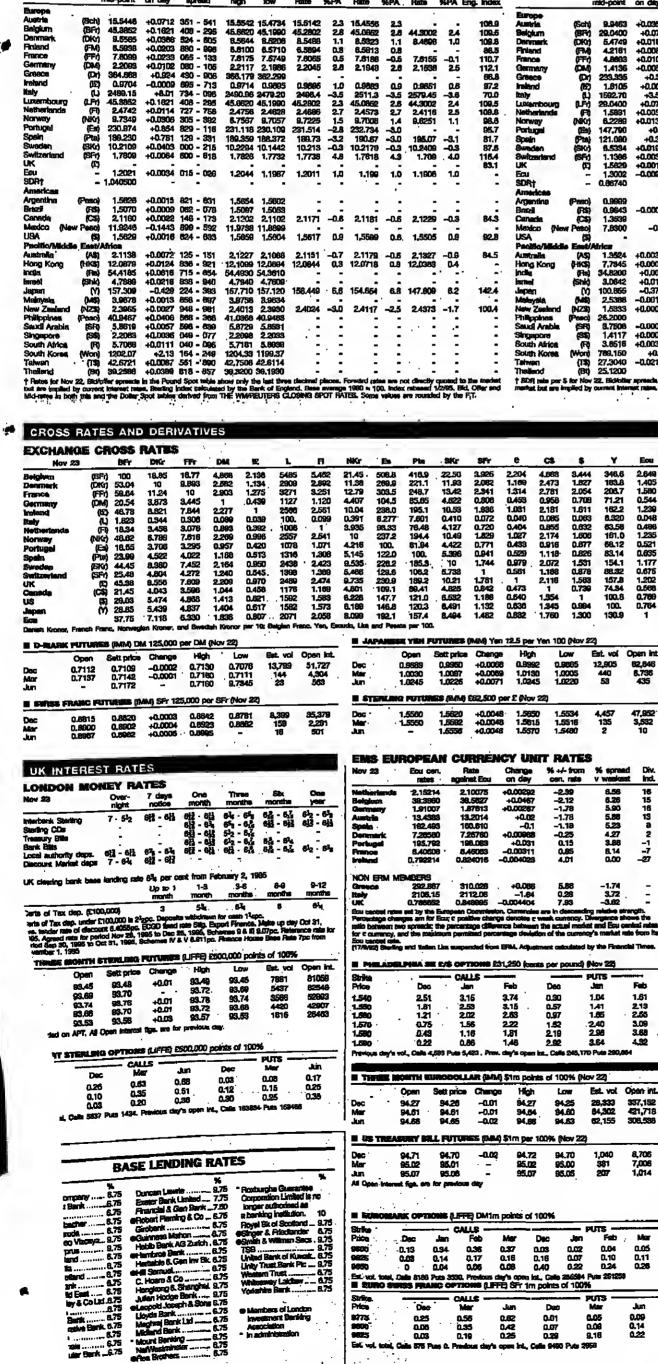
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Nov 23	2	\$
Czech Rp	40.9427 - 40.9619	26.2050 - 26.2150
Hongary	207.643 - 207.841	132.900 - 132.950
	4689.90 - 4667.20	3000:00 - 3000:00
Remont.	0.4678 - 0.4682	0.2994 - 0.2995
Polent	3.8713 - 3.8751	24778 - 24788
Personal Property lies	7138.03 - 7138.61	4566.00 - 4586.00
WAE	5 70M - 5 7499	2 5796 . 9 6791

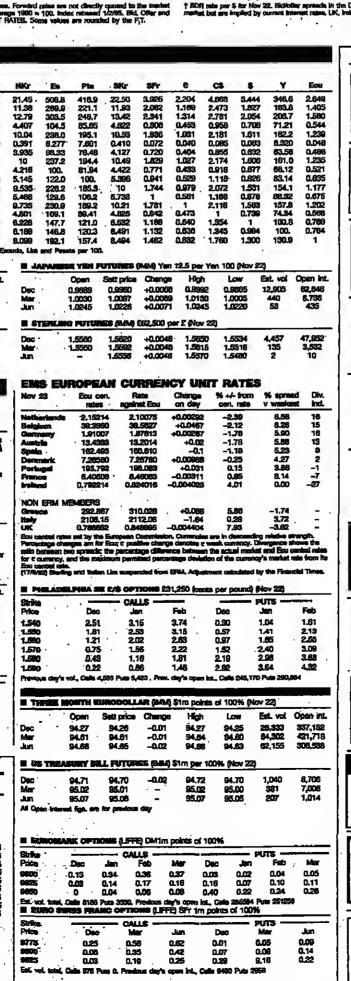
1.6 9.7916 1.7 28.82 0.3 5.4809 0.1 42131 0.2 4.8631 1.7 1.3916 8.4 251.735 -0.1 1.5173 -4.7 1866.7 1.7 28.62 2.0 1.5554 0.8 6.2089 -4.0 163.89 -3.8 125.725 -3.3 9.7559 3.4 1.1021 0.8 1.5605 -0.3 1.3036

5.6 95.365 5.3 -0.1 2.5468 -0.3 -3.0 1.5696 -2.4

Nov 23		Closing nid-point	Change on day	Bid/offer spread	Day's	Mid	One mo	nth %PA	Three mo	nthe 96PA	One ye		Bank of no. Index	Nov 28		Closing	Change	Eld/offer	Day's		One mo	nth MAPA	Three mor
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Balgium	(BFr)	45.8852		408 - 295		45,1990	45,2802	2.8	45.0052	2.8	44,3002	24	109.5	Belolum	(BFr)	29.0400	+0.075	200 - 600		28.9550	28,999	1.7	28.92
Denmark	(DKr)	9.5565		524 - 605	8.5644		8.5488	1.1	8.5323	1.1	8.4606	1.0	109.8	Denmark	(DKI)	5.4749		739 - 759		5,4580	5,4758	-0.2	5.4714
Finland	(PM)	6.5938	+0.0203	890 - 998	6.8100		6.5894	0.8	6.5813	0.8			86.5	Finland	(FM)	4.2161		166 - 215	4,2265		4.2187	0.1	4.2176
France	(FFr)	7.8099	+0.0233	065 - 133		7.5749	7.6065	0.5	7.8188	-0.5	7.6155	-0.1	110.7	France	(FFr)	4.8663		685 - 700	4.8700		4.8879	0.3	4.8885
Germany	(DM)	2.2093	+0.0102	080 - 105		2.1986	2.2045	2.8	2.1948	2.8	2.1638	2.5	112.1	Germany	(DMÓ	1,4136		132 - 140		1.4083	1,4116	1.7	1.4074
Greece	(Dr)	384.888		430 - 906		362,299		-					66.8	Greece	(Dr)	233,335		250 - 420			235.06	-8.9	238.28
Ireland	(30)	0.9704	-0.0009	695 - 713		0.9895	0.9696	1.0	0.9883	0.9	0.9651	0.6	97.2	Ireland	(12)	1,8105		095 - 115		1.6075	1,6107	-0.1	1.8108
	(L)	2489.15	+8.01	734 - 096	2490.96	2479.20	2498.4	-3.5	2511.3	-3.5	2579.A5	-3.6	70.0	itnly	E.	1592.70		200 ~ 340		1588.50	1500.45	-6.1	1611.5
membourg	(LFr)	45.8852	+0.1821	408 - 295	45.6620	45.1990	45.2802	2.3	45.0862	2.6	44,3002	2.4	109.5	Lucembourg	(LFr)	29,0400		200 - 600	29,2650		28.900	1.7	28.92
Netherlands	(FI)	2.4742		727 - 758	2,4756	2.4628	2.4686	2.7	2,4573	2.7	24116	2.5	109.8	Netherlands	(F1)	1.5831	+0.0057	826 - 836		1,5776	1,5804	2.0	1.5754
Norway	(NIKI)	9.7349		305 - 392	6.7567	9.7057	9.7225	1.5	9.7008	1.4	9.6251	1.1	98.8	Norway	(NEC)	6.2289	+0.0134	279 - 299	6.2375	6.2165	6,2252	0.7	6.2189
Portugel	(Es)	230.974	+0.854	829 - 116	231.118	230,109	231,514	-2.8	232.734	-30		-	95.7	Portugal	(t±s)	147,790	+0.4	740 - 840	147,840	147,380	148.255	-3.8	149,265
Spaln	(Pta)	189.230		129 - 331	189,359	188.372	189.73	-3.2	190.67	-3.0	195.07	-3.1	81.7	Spein	(Pta)	121.080	+0.38	050 - 110			121.46	-3.8	122.23
Sweden	(SKr)	10.2109		000 - 215	10.2294	10.1442	10.213	-0.3	10.2179	-0.3	10.2409	-0.3	87.6	Sweden	(SKI)	6.5394	+0.0193	284 - 384	6,5384		6,5500	-3.2	6.5874
Switzerland	(SFr)	1,7809	+0.0064	600 - 618	1,7826	1.7732	1,7738	4.8	1.7618	4.3	1.709	. 4.0	116.4	Switzerland	(SFr)	1.1386	+0.0031	393 - 398	1,1398	1,1360	1.136	a.e	1.1299
JK	(2)		-	-								-	83.1	UK	(5)	1.5829	+0.0016	624 - 633	1.5659	1.5804	1,5617	0.9	1-5599
idu .	-	1.2021	+0.0034	015 - 026	1.2044	1,1987	1,2011	1,0	1.199	1.0	1.1908	1.0		Ecu	-	1.3002	-0.0023	999 - 004	1.3041	1.2988	1.3006	-0.4	1.3013
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Americas										•				Americas									
Argentina	(Peso)	1.5826		821 - 631	1,5854		-	-		-	-	-	-	Argentina	(Peso)	0.9999		998 - 999	0.9960			-	-
Srtuziii	(FIS)	1,5070		062 - 078	1.5097	1.5053		-	-	-	-	•		Bracel	(FIS)	0.9643	-0.0003	840 - 645	0.9645			-	-
Canada	(C2)	2.1160		146 - 179	2.1302		2.1171	-0.6	2.1181	2.0 ~	2,1229	~0.3	84.3	Canada	(CS)	1.3539		534 - 544	1.3548		1,3556	-1.5	1.3586
	w Peso)	11.9246		899 - 592	11,9738	11,8899		-	-	-		-		Mendoo (Ne	w Peso)	7.8300	-0.1	100 - 500	7.8500	7,6000	7,6322	-0,4	7-6354
JSA	(5)	1,5629	+0.0016	624 - 633	1,5659	1,5604	1,5617	0.9	1,5589	0.8.	1,5505	0.9	92.8	USA	(33)		-		-	-			-
polite/Mdd		drice												Pacific/Midd	e East/	Mrice							
united 8	(AS)	2.1138		125 - 151	2,1227	2,1088	2.1151	-0.7	2.1179	~0.6	2,1327	-0.8	B4.5	Australia	(AS)	1.3524		521 - 530	1.3530	1,3556	1.3542	-1.8	1.3578
Hong Kong	(HKS)	12.0879		836 - 921		12,0694	12,0844	0.3	120718	0.8	12,0383	0.4	_	Hong Kong	(HKCS)	7,7845		340 - 350	7,7950		7,736	-0.2	7,736
india	(Fis)	54,4185		715 - 654	54,4830		-	-	-	-			_	Inches	(Fla)	34,8200		000 - 400	34,8830		34.97	-5.2	35,275
arael	(Shk)	4,7886		838 - 940		4.7609	•	-	-	-				arnei	(Shk)	3,0642		818 - 666	3.0666			-	-
Jepen	(4)	157.309		224 - 393	157,710	157.120	156.449	· 6,6	154,654	6.8	147.809	62	142.4	daper	M	100,865		830 - 680	100.870		100.16	5.9	99.24
violayale.	(MS)	3,9878		858 - 897	3.9758				-	-				Malayala	(546)	2,5388		383 - 393	2.5408		2.5388	0.0	2.5392
New Zeeland	(NZS)	2.3965		948 - 981	2,4013		2.4024	-3.0	2 <i>A</i> 117	-2,5	2.4373	-1.7	100 <i>A</i>	New Zeeland	(NZS)	1,5333		328 - 340	1.5340		1.5374	-3.2	1.5449
Philippines	(Poso)	40.9467		568 - 366	41,0368		•	-	-	-		-	-	Philippines	(Pesc)	26,2000		500 - 500	25,2500		-	-	
Soud Arabia	(SR)	5.8619		596 - 639	5,8729	5,8531		-	-	-			-	Saud Arabia	(SR)	3.7508		505 - 510	3,7510		3.7513	-0.2	3.7522
Singapore	(55)	2,2063		049 - 077	2.2008	2.2033		-	-	-	-	-	•	Singapore	(35)	1,4117		112 - 122	1,4125		1,4083	2.9	1,402
South Africa	(PI)	5.7088		040 - D96	5,7181	5.8838	-		-	•	-	-	-	South Africa	(FQ	3.6516		508 - 523	3.6528		3,6769	-8.3	3.7260
South Korea	(Won)	1202.07		164 - 249	1204,33		-	•	•	-	-	-	•	South Korea	(Wort)	789,150		100 - 200	789.300		772.15	-4.7	775.85
Talwan	(12)	42,6721		551 - 890	42,7506			•	-	-	•	-	-	Tahwan	(13)	27,3040		010 - 070	27.3210		27,324	-0.9	27,364
helland	(90)	39,2588	+0.0389	818 - 857	99.3200	36,1990	-	-	-	-		•	•	Theliend	(Bt)	25,1200	-	100 - 300	25.1300	25.1100	25,2075	-4.2	24.855

ļ	WORLD	INTER	EST R	ATES						
1	MONEY	RATES								
Ì	November 23	Over reght		Three	Sh mths	One i		Dis. Repo	,	
1	Belgium	38		32	38	32:		3.50 -	_	
1	week ago France	3]	335	41. 54.	4. 5 <u>.</u>	4 <u>4</u> 5%	8.00 3 4.80	3.50 - 5.10		
]	week ago	5 <u>2</u> 5%	54	54	014	5%	4.80	- 6.10		
.	Germany week ago	3 <u>1</u> 38		37 <u>4</u> 374	3 <u>8</u> 374	3 <u>7</u> 3 c		3.50 3.97 3.50 3.96		
1	freland week app	5% 5½	5%	53 54	5% 53	52 52	-	- 6.25 - 6.25		
	Ittely	103	10,7	10.	10%	10%	- !	9.00 10.51		
ł	week ago Netherlands	10일 3월		10 <u>4</u> 374	10 <u>2</u> 31	10% 30	- :	9.00 10.60 3.50 3.60		
	week ago Switzerland	3 7 4 13		34 2ù	3% 24	32 13		3.50 3.60 2.00 -		
١	week ago	1%	2	18	12	144	5.00	2.00 -		
	week ago	53 5%		5% 5%	544 512	5 <u>&</u> 5 &	- 3	5.25 - 5.25 -		
	Japan week ago	į	2	4	<u>.</u>	95 11		0.50 - 0.50 -		
	S LIBOR F	T London				•			_	
1	Interbenk Fix week ago	ing -	5 <u>p</u> 58	5%	57	5% 54	-	<i>- -</i>		
ł	US Dollar CD	ha -	5.60	5.47	5,43	5.41 5.42	-			
	week ago ECU Linked	De -	5.60	5.50 5-4	5,46	54	Ξ	: :		
1	Week ago SDR Linked	Ds -	5 <u>3</u>	54 313	54 31	5½ 5½	Ξ			
1	week ago	-	31	3%	3,	31;	_	_ _		
1	S LIBOR Interes et 11am each 1 Westfolgster								-	
1	EURO CI						DP LINKed	Deposits (De)		
١.	Nov 23	Short	7 de	A	One	Three	Six	One		
1	_	term	notic	e 1	nonth	months	month		_	
1	Belgian Franc Danish Krone	44 3 512 - 5	4 53g - 5	54 53	- 34	4 - 34 51 - 54	4 · 37	5 رُوِّ - 5 أَوْ		
J	D-Mark Dutch Guilder	4 - 37 33; - 3	4 - 3	4	37	313 317	37 - 3	ษ์ ⊒วิเวิ		
١	French Franc	K3 51	. 5h - 1	51	- 53	54 - 54	512 - 5	g 5l₂.5lg		
١	Portuguese Esc Spenish Peesta	94 - 9	, 01 ₂ (3 91	- 84 - 93	0 54 04 94	9 - 87 97 - 9 812 - 6	91 - 51 91 - 91 3 612 - 51		
1	Starting Swiss Franc	2% - 81		하 아 건 건	- 64. s - 2	5% - 62 24 - 11	815 - 61 111 - 1	3 612 5 6 3 1 1 2 1 1 1	ì	
ı	Can. Dollar US Dollar	6,1 - 6 6 - 57	6 - 5	57	- 5% - 5%	5% - 54 54 - 54	512 - 51 513 - 51	8 - 5%		
1	Italian Lira	10,7 - 10	ኢት 10% - 1	10& 1932	- 103a 1	10% 10%	1014 - 10	减 10是 - 10。	·	
1	Yen Aster \$Sing	2 - 1%			- 24	24 - 2 ¹ 2	23 - 2	3 24		
١	Short term reter	are call for t	to US Dole OR FUTUR	r and Yes	TEP) Parie	interpark	otice. citiered re	ite (FFr5m)		
١		Open Se	tt price C	hange	High	Low	Est. v	rol Open in	2,	
l				-0.03 -0.03	94.50 94.77	94,40				
ı				-0.01	94.90	94.82				
ł										
ł	THREE M								_	
ı				henge +0.01	High 96.12	96.08	Est. v 1835			
١	Mar		6.32 6.36	+0.02	96.35	96.30 95.34	2134 1541			
ł	Sep	96.24	6.27	+0.03	96.29	96.23	890	6 104581		
1	THREE M								_	
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I	Mar	8 08.98	9.79	-0.02	89.84	89,70	260	2 29897		
ı				-0.01 -0.01	90.06 90.14	90.02 90.09	312 340			
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1	Mar	98.26	6,26		98.03	97,98 98.25	1846 266	24543		
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	" LIFTE futures (- 14,444	*****	5410	212	1012		
	EUROLINA	OPTIONS			olnta of 1	00%			_	
1	Strike Price	Dec	- CALLS			Dec	- PUTS Mar	Jun	-	
1	8925	0.31	0.80	1,	00	0.08	0.26	0.26 0.32		
1	8950 8975	0.18 0.07	0.63	0.5	92 78	0.16 0.35	0.34	0.40 0.49		







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alba um Bahrain B.S.C. (c)

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U.S.\$ 100,000,000 Secured Hoating Rate Bonds Due 2001

In accordance with tha Tarms and Conditions governing the Bonds, notice Is hereby given that for the Interest Period from 24 November 1895 to 23 May 1996, the Gonds will carry an interest rate of 6.5% per annum calculated on a principal amount per Bond of U.S.\$ 1000/-.

The interest amount payable by the Issuer on the Interest Payment Date falling on 23 May 1996 will ba U.S.\$ 32.70 per 9ond. Bank of Bahrain and Kuwait Reference Agent

Agent: Morgan Guaranty Trust Company **JPMorgan**

Republic of Austria

Floating rate notes 1997

Notice is hereby given that the notes will bear interest at 5.86719% per annum from 24 November 1995 to 26

February 1996. Interest payble on 26 February 1996 will

amount to US\$15.32 per US\$1,000 note, US\$153.20 per

US\$10,000 note and US\$1,531.99 per US\$100,000

US\$350,000,000



Australia Limited US\$300,000,000

Floating rate ootes due 1999 The notes will bear interes at 6.21719% per annum for the interest period from 24 November 1995 to 26 February 1996. Interest payable on 26 February 1996 will amount to US\$162.34 per US\$10,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

(with an initial tranche of US\$150,000,000) Floating rate notes 1998 The notes will bear interest at 6.6875% per annum for the period 24 November 1995 to 26 February 1996. Interest payable on 26 February 1996 per US\$ 1,000,000 note will mount to US\$17,461.81. Agent: Morgan Guaranty Trust Company

BANK OF GREECE

US\$200,000,000

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Prices for the Lendon Stare Service delivered by FT bond, a member of the Francial Times Broup.

Company classifications are bread on those used for the FT-SE Actuation Share Service.

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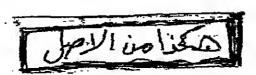
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AND SECTION AND ADDRESS OF

Physician in

MMC reference triggers late sell-off in equities

By Steve Thompson, UK Stock Market Editor

The UK equity market, already under pressure, suffered a severe blow at the end of the trading session with news that Mr Ian Lang, the trade and industry secretary. had referred takeover bids from the two English generators, National Power and PowerGen, for Southern and Midlands Electricity on competition grounds.

The news triggered a sharp sell-off across the electricity distribution stocks and the generators. and dragged the rest of the stock

Some utilities specialists said that

the referral of the generators' bids for the two recs might induce US utilities groups to bid for the two stocks. At the end of the session, the FT-SE 100 index, which includes the two generators as well as Southern and Midlands Electricity, was 29.9 lower at 3,602.5. The Footsie only just managed to escape sliding back below the 3,600 level. The FT-SE Mid 250 index, which is packed with electricity stocks,

also fell eharply, settling 15.3 down The referral was not the only

news in the utilities sector. At the outset of trading, Lyonnaise des Eaux, the French utilities company, finally launched its long awaited

offer for Northumbrian Water, the way. Earlier this week there were first bid for a water group.

The terms of the offer, agreed by the Northumbrian board, saw the latter's shares race higher. The other substantial news in the sector came from North West Water, whose interim numbers topped most forecasts

The day's drama was not exclusive to the utilities area. SBC Warburg, the securities house, launched a "dawn raid" on Amec, the construction and civil engineering group, snapping up a 10 per cent stake on behalf of Kvaerner, the Norwegian company. This triggered strong suggestions that a tussle for control of the UK group was under

row gained 7% at 114%p.

The poor sentiment in the

recs took the shine off a water

sector that was celebrating the

first bid for one of its number and favourable figures from

Northumbrian jumped 35 to

1169p after French group Lyon-

naise des Eaux finally mada its

long awaited agreed offer for

the UK company. The £823m bid values each Northumbrian

share at 1179p, of which 1165p

is in cash and 14p is a special

Lyonnais Laing said: "The

board of Northumbrian has

done well for its shareholders. but this is unlikely to lead to a

frenzy of bids in the sector as

there are fewer potential bid-

North West, which reported

sharp increase in both

ders for water companies."

Ms Angela Whelan at Credit

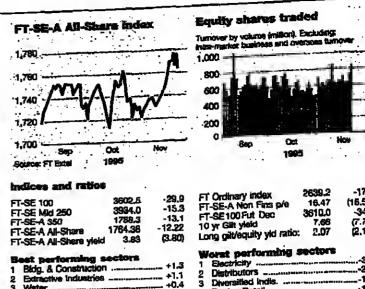
strong rumours of a merger between Amec and McAlpine, another UK construction group.

And there was no shortage of market moving stories elsewhere. British Gas rose against the trend after Mr Tim Eggar, energy minister. said North Sea producers should renegotiate their gas supply contracts with British Gas, a move interpreted by analysts as helping to get Gas "off the book" from the

loss-making contracts. Other upside stories capturing the limelight included a strong rise in Legal & General, the insurance group, where talk of takeover moves revived. Storehouse featured

Vodafone topped the FT-SE 100 performance league, rallying after recent selling from the US, while BT fall away amid hints of switching into other European telecoms.
Once again, there was exception

ally heavy trading across the board in equities, in spite of the absence of any US interest, where markets were closed for the Thanksgiving holiday. At 6pm turnover was 769.4m shares, below Wednesday's 937.5m and Tuesday's 909.9m, but still well above normal levels. Non-Footsie business accounted for 56 per cent of the total. Dealers said they expected the market to trade quietly until Tuesday's Budget.



Utilities under pressure

News that the trade and industry secretary is to refer the bids by National Power and PowerGen for Southern Electricity and Midlands to the Monopolies and Mergers Commission sent regional electricity stocks plunging and also the market lower.

The late afternoon announcement was a shock to a sector that had expected the bids not to be referred.

The news brought a sharp decline in the stocks, with the biggest fall seen in Southern Electricity. Having dropped to a low of 900p, the shares steadied to finish 62 down at 913p after trade of 1.9m. Midlands was another stock that declined by more than 6 per cent, closing 59 off at 918p. PowerGen ended the session 21 cheaper at 540p, while National

Power surrendered 16 to 478p. One story doing the rounds is that the government move is a signal of its wish to see some recs remain independent, and one eector specialist said: "I cannot see why the government is doing this now, it must

Several analysts pointed out that NatPower and PowerGen were keen to win control of the two recs. Mr Angelos Anastasion at Panmure Gordon said: This decision throws uncertainty into the marketplace for the next few months, but I do not see the two bidders walking away.

Important

Interim dividend

Announcement

payable on 12 February, 1996

The company's interim dividend of 7.45 pence

per share for the year ending 31 March, 1996

will now be payable to those shareholders

on the register on 5 January, 1996 and not

10 January, 1996 as previously announced.

12 February, 1996, remains unchanged.

Another market specialist said: "This puts the billions due to come into the market as a result of these bids on hold." In the rest of the sector. Yorkshire relinquished 45 to 871p, while London gave up 33 to 899p. Northern Ireland fell 25 to 4450 and National Grid

Inchape worries

eased 4 to 224p.

Rumours that international trading group Incheape was preparing to make a atatement to abareholders ran round the market yesterday

following further heavy selling. Worries about a dividend cut have sliced more than 20 per cent off the shares in five days trading and pushed Inchcape deep into the Footsie relega-tion zone. The stock closed 171/2 lower at 238p yesterday in turnover of 11m.

Part of the recent volatility has been technical with marketmakers said to be long of stock. But there has also been signs of selling by the index tracking funds. The shares stood at 430p earlier this year. Merrill Lynch analyst Mr Andrew Ripper said: "With

earnings under pressure in the UK and Hong Kong, there is a 30 to 40 per cent chance of a dividend cut this year. But a cut is now factored into the share price, Buy recommendations may not be too far away." Other motor distributors continued to be dragged lower.

Amec raided

A dawn raid by SBC Warburg on behalf of Norwegian group Kvaerner sent construction and engineering group Amec ahead 27 per cent.

The broker picked up 10 per cent of the company and the shares surged 17 to 95p in 34m traded. Late yesterday Kvaer-ner, a shipbuilding and energy business, claimed to control 12

per cent of Amec.

Amec, which is said to have an enviable operating reputation and strong road building and deep-sea rig expertise, is capitalised at £200m. Its name has recently been linked to Alfred McAlpina. The two grouns are in the same roads

French construction giant Bouygues was put forward by some analysts as a potential euitor, but from the outset Kyearner was the hottest tip. The Norwegian group recently announced plans to mova its sub-sea operations centre from Oslo to London.

The Amec move was seen by analysts as further evidence of consolidation among building related stocks. Taylow Wood-

interim profits and the dividend, was among the few stocks in the sector that moved

CHANGIAL TRUES COUTY INDICES

	Nov 23	Nov 22	Nov 21	Nov 20	Nov 17	Yr ago	THigh	Low	
Ordinary Shere	2639.2	2658.8	2615.9	2647.6	2638.9	2326.9	2668.5	2238.3	
Ord. div. yield	4,08	4.05	4,10	4.05	4.08	4.48	4.73	4,02	
P/E ratio net	15.65	15.71	15,65	15.65	15.89	17,A7	21.33	15.35	
P/E ratio nil	15.58	15.61	15.40	15.69	15.72	17,08	22.21	15.17	
For 1996, Ordinary FT Ordinary Share	Share Inc	data 1/7/	omphallon 25,	high 271:	3.6 2/00/9	4; low 48.4	26/8/40		

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		Nov 22	Nov 21	Nov 20	Nov 17	Yr ago
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Equity turnover (Cirilt		2277.3	2190.0	1871,6	1821.0	1306.5
Equity bargainst	-	38,070	37,524	40,859	41,903	27,247
Shares tracked truly		865.2	780.3	621,0	620.8	538.5

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Rises and talls'		1985 Highs and	lowes	LIFTE Equity opti	one
Total Rises	397	Total Highs		Total contracts	24,83
Total Falls	820	Total Lows	50	Calls Puts	11.14
Same	1,658			Puts	13,78
Nov. 23 'Date b	med on Eq	uity shares listed o	n the Load	on Share Service.	

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Application has been made to the London Stock Exchange for all of the Ordinary Shares of 19, issued and to be issued, in Wibrington Group pic to be admitted to the Official List. It is expected that listing will become effective and that dealings in the Ordinary Shares will commerce as 6 December 1993.

orporated in England and Water maler the Comp les Acts 1985, No. 30138471

Placing of 23,382,532 Ordinary Shares of 5p each at 50p per share

> Admission to the Official List sponsored by

Share capital

The share capital of the Company following the Placing will be:

Comies of the presentated atted 23 November 1995 relating to the Company may

The date of payment of the interim dividend,

If you have any queries as a shareholder please call 0345 414141. British Telecommunications pile, 81 Newgate Street, London EC1A 7AJ.

Wilmington Group plc

Marshall Securities Limited

The Group's principal activity is the provision of information to specialised markets through magazines, directories, electronic products and other media.

99,000,000 4,950,000,00 Ordinary Shares of 5p each 71,329,635 3,566,481,75 Copies of the prospectus dated 23 November 1993 relating to the Company may be obtained during normal business hours (Saturdays and public holidays excepted) until 29 November 1995 by collection only from the Company Announcements Office, the London Stock Exchange, Capel Court entrance, off Bartholomew Lane, London ECCN 1HP and until 3 Descender 1995 from:

Wilmington Group ple Faulust House 8 Shepherdess Walk Marshall Securities Limited Losson ECIM 6HR

Pavable on the 21st November, 1995

London 21st November, 1995

Bankers Trust International PLC,

This advertisement is insued by Marshall Socurities Limited, a member of the London Stock Exchange and regulated by The Securities and Futures Authority

ADJUSTMENT TO SUBSCRIPTION PRICE :Hansol HANSOL PAPER CO., LTD

21 November, 1995

U.S.\$37,500,000 Floating Rate Notes due 1997
to subscribe for Non-voting Shares of the Hansel Paper Co., Ltd. We. Hensel Paper Co., Ud., Seoul, Korea (hereinafter referred to as the "Company"), are hereby pleased to notify the holders of the Company's Warrents that at the Board of Directors' Meeting of the Company field on October 20, 1995, the Directors resolved to issue new shares under the following terms and conditions;

Number of New Shares : 2,700,000 shares Issue Price will be fixed on December 16, 1995 (30% discount from the overage market price occording to Securities Exchange Commission Regulation)

Allocation of New Shores: 1) Distribution to employees

20% (540,000 shares) of the new Issues according to the "Capital Market Promotion Law" in Karea. 2) Destribution Ratio: 0.1470125 (This Ratio will be fixed on December 7)

80th the Share-holders of common stock and of non-varing preferred stock registered as such as of November 27, 1995 will be entitled to subscribe for new shares of common stock.

: November 27, 1995 Record Date Subscription Date : January 3, 1996 The Board of Director's Meeting will be held on December 27, 1995 on Fractions of shares and shares which are not subscrib by the employees of the Company and by the share-holders.

lovember 24, 1995

Correction Notice The Long-Term Credit Bank of Japan Finance N.V. (Kabushiki Kaisha Nippon Choki Shimyo Ginka) (A Japanese Corporation) U.S. \$120,000,000 11%% Guaranteed Forex-Linked Notes due 21st November, 1995 For the redemption at maturity the Spot Rare has been set at IOL9075 The Settletness Factor is 0.65845 The Redemption Price per U.S. \$10,000 is U.S. \$3,415.50

Agent Bank

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY MAKITA CORPORATION inciders are informed of a dividend to holders of devidend payable is Yen 10.0 per common store yen new present Caupan No. 55 for payment is ert of the dividend with a 16% with closing texts of the dividend with a 16% with closing texts or Discland Payable lose 20% Japaness witholding tex. \$78.54 forward. The ahares appreci-

Eleberte de la completación de l

ated 4 to 609p. Multimedia group Dorling Kindersley moved ahead strongly, after the 17.9 per cent stake previously owned by Microsoft was placed with institutions by Goldman Sachs and Cazenove at 507p. Tha shares closed 24 higher at 528p in 21m traded.

Paper and foils group API rose 15 to 537p after recent presentations to institutions.

British Gas was actively traded following Wednesday's speech by Mr Tim Eggar, the UK energy minister. Up 3% at one stage, the shares closed a penny better at 236%p in turnover of 25m which dealers described as bectic and dis-

tinctly two-way. Analysts interpreted the latest government comments on Gas's problems over North Sea supply contracts - the group has long term commitments to pay up to 20p a therm for gas that has an open market price of less than 15p - as mildly

positive. The government is seemingly determined to get some sort of deal under way and stop Gas's difficulties from washing over on to the consumer. But there is still a long way to go," said one sector watcher.

Leading diversified Industrial BTR came off 5 to 327p in spite of persistent talk of a significant disposal by the group. New chief executive Mr lan Strachan takes up the cudgels on January I, and some brokers are betting on a £300m construction-related sale early In the new year.

Powell Duffryn was undisputed backmarker among FT-SE Mid 250 stocks, plunging 74% to 480%p as analysts reacted to the group's dire interim results with savage cut back by £8m to £44m for this year. The broker felt that a maintained 25p dividend looked safe enough, but it

FT - SE Actuaries Share Indices

remained a seller and predicted further share price weakness.

in retailers, analysts moved to upgrade full-year profits expectations at Storehouse after the group reported a sparkling set of interim figures. The shares put on 10 at 332p in trada of 2m. BZW was said to have raised its forecast by £5m to £115m.

. In insurance stocks, life group Legal & General was the subject of bid talk, with National Westminster mantioned as its likely suitor. L&G gained 11 to 706p, and NatWest fell 15 to 677p on the speculation and general profit-taking in the sector.

Bid whispers were also heard in Commercial Union, which moved forward 8 to 643p.

MARKET REPORTERS: Joel Kibazo,

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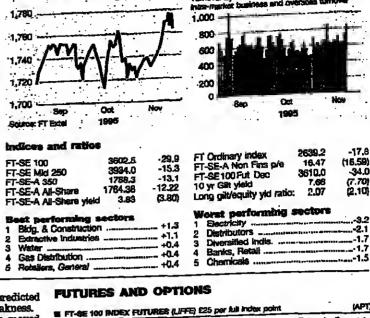
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Additional information on the FT-SE Advances State bolices as published in Saturday issued. Lists of constituents are smallettle from the Pinancial Time Limited, One Southwest Bridge, London SET 94. The FT-SE Advances States Indian Indian States arrange of electronic and paper-based productivations to these indices, its seatists from PNSTAT, Florry House, 19-77 Ensurant Street, London EC2A 4DL.
The FT-SOC has been renamed FT-SE-A Non-Pinancials indian. The FT-SE-100, the FT-SE-MC 250, FT-SE Advances 500 and the FT-SE Advances 19-75 Ensurant Street, London FC2A FT-SE Advances 19-75 Ensurant States Indian


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Frankfurt copes with its bunds, \$ dilemma

Senior bourses seemed rangebound and uninspired in the absence of Wall Street. The weaker dollar and stronger bonds left FRANKFURT in a dilemma, which it solved by marking up banks and utilities and selling mostly cyclicals, as a rangebound Dax wobbled to an Ibis-indicated close of 2,197.26, up 2.73. Turnover came to DM5.5bn.

Automotive analysts could FFr3.70 at FFr203.70. offer no other, more specific. prefs and MAN closed Ibis trading with falls of 1.6 per cent, I per cent and 0.9 per cent respectively. But with a retailer (Douglas), a software producer (SAP), Deutsche Bank, Lufthansa and Adidas leading the winners' list, the contrast was fairly clear.

At least, one second liner produced results without being savaged. Plettac, which manufactures scaffolding and sheds, forecast a significant increase in 1995 profits and saw its shares rise DM6 to DM345.

Neither PARIS nor MADRID realised Wednesday'e hopes that the Banks of France and Spain would cut key interest rates yesterday. The French combined disappointment and the dollar effect with some profit-taking and the CAC-40 index feli 8.36 to 1,867.11; but Spanish equities built on to Wednesday'e 1.5 per cent bounce, and the general index rose a token 0.69 to 308.61.

Turnover increased in both cases, to FFr3bn and to Pta51.76bn. For Madrid, this was the second highest figure this year, traders said it was due to the influx of fresh money into the market.

French antomotive stocks offered a cine to the weakness in their German competitors. Peugeot fell FFr14 to FFr675 and Renault FFr3.30 to FFr157,90, and there were reports of a decline in early November car sales - about 15 per cent, according to industry

However, Paris liked the near FFr10bn rise to FFr60bn at Pechiney, the aluminium and packaging based group. described as reasonably good

Nov 23					Т	HE EUR	OPEAN :	SERVES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Chose
FT-SE Eurotrack 100 FT-SE Eurotrack 200	1443.75 1553.60	1443.35 1553.08	1443.59 1552.78	1443.88 1553.70	1443.68 1553.40	1444.63 1550.12	1444.32 1550.18	1444.17 1549.58
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ZURICH gathered pace during the second half of the session to close at a second consecutive all-time high, with the SMI index rising 8.2 to 3,209.2. A firmer bond market supported banks with UBS np SFr12 to SFr1,250 and CS Holding recouping 25 centimes of

recent losses to SFr115. Nestlé extended Wednesday's decline, losing SFr12 to SFr1,208 and reflecting worries about the profits outlook, and disappointment that senior management changes would be delayed until 1997.

Swiss Re picked up SFr18 to SFr1.281 on growing expectations that the company would have positive news for the

Wall Street and Tokyo were closed for public holidays

annual shareholders' meeting

today. Alusuisse lost SFr12 at SFr937 on rumours that one bank had issued a sell recommendation

MILAN's Comit index edged just 0.29 higher to 569.95 while the real-time Mibtel index gave up 44 to 9,037. Turnover was estimated at a weak L303bn.

Ferruzzi, L16 lower at L1,132, remained at the centre of attention as San Paolo and Monte dei Paschi di Siena both said that they would not join the consortium supporting the Mediobanca-drafted capital increase plan. San Paolo lost

IMI fell L260 to L9.167 as the medium term credit institute said that it did not intend to sell Banca Fideuram to raise money to launch a public buy offer for Ferruzzi. Fideuram. which rose 1.4 per cent on Wednesday, slid L37 to L1,717. Ina picked up L10 to L1,962, off a high of L1,990, after the

insurer's board announced a stock huyback plan late on

Burgo, the paper maker, jumped L284 to L7,783 on signs of weaker pulp prices and evidence of some switching from publishing to paper stocks.

AMSTERDAM saw more res-

ignations at the paper maker and office supplies group, KNP BT, but it said that the moves were in accordance with agreements reached at the time of the merger of KNP, BT and VRG three years ago, and that there were no major crises at the top.The chares rallied

Fl 1.50 to Fl 40.30. The AEX index rose 1.82 to 463.99 Stork the industrial systems and services group, rose Fl 2.10, or 5.8 per cent to Fl 38.30 as it said that, in addition to volume growth, mar-gins on its eervice activities had begun to recover in the second half of 1995.

HELSINKI hurdled a flat Nokia share price with a 2.6 per cent gain in the forestry tor, helped by a report from the industry federation. The Hex index rose 16.33 to 1,830.09.

VIENNA heard the cardboard maker, Mayr-Melnhof. down from a high of Sch685, say that it would produce higher 1995 turnover and profits in spite of a weaker performance in the second half of this year, and dropped the shares Sch23 more to a new year's low of Sch480. The ATX index fell 6.32 to 923.54.

ATHENS gave more weight to positive EU comments on the economy than to the illness of the Greek premier, Mr Andreas Papandreou, and the general share index recovered another 14.04, or 1.6 per cent to 880.33.

Written and edited by William

Toronto moves ahead

Toronto overcame early weakness to trade higher at midday, but activity was mnted in the absence of a lead from Wall Street. The TSE 300 Composite index was 11.07 higher by noon at 4,669.92 in light volume of just 21.6m

Cott, the beverage maker, was among the biggest losers, falling CS2½ to CS7½ after forecasting a third-quarter loss, excluding a restructuring pro-vision, of about C\$2.5m.

Newbridge Networks, the computer networking com-pany, lost C\$1% to C\$55 in spite of winning upgrades from two US analysts.

Latin America

Buenos Aires overcame early weakness to maintain the rally of the previous six sessions in lunchtime trade when the Merval index registered a rise of 2.09 at 447.35.

Analysts have attributed the 13 per cent rally since Wednesday of last week to renewed confidence in a new government state reform drive. SAO PAULO also turned

higher after an early bout of profit-taking and the Bovesna index was 294.28 ahead at 41,352 in early afternoon trade. MEXICO CITY continued its fledgling rebound after two months of heavy selling and the IPC index was 21.17 higher et 2,555.86 in midday trading.

SOUTH AFRICA

Johanneshurg recovered elightly from an early slide but still closed the day weaker, with trade weighed down by a depressed futures

Golds fell sharply in the morning on the lower bullion price, but levelled off at noon as the gold price picked up, while industrials were led down by fatures. The overall index was 47.7

off at 5,967.1, industrials slipped 52.3 to 7,694.8 and golds lost 37.1 at 1,287.5. Vaal Reefs, the blue chip gold producer, slid R10 to 8220 and Kloof receded 75 cents to R36.25. Among banks, Absa lost 60 cents at R18.50

2.98 6.46 4.11 37.68 88.04 26.59 4.11 10.88 20.51 31.30 94.99

Bombay on the slippery slope

وسر المها المارية والمناولة الماروس للسنوالة أمر سوار والمراساتين أرارات والمستور المارات والمارات

Mark Nicholson reports on the market's four-week slide that has defied good economic fundamentals and strong corporate results

Bombay's already bearish sentiment turned sharply worse yesterday as sustained selling in a thin market pushed the 30-share Bombay Sensex index down 57.34 or 1.9 per cent to finish at 2,944, piercing the psychologi-cally important 3,000-point

The drop continues a steep four-week slide during which market sentiment has stubbornly defied good economic fundamentals and strong halfvear returns from some of India's biggest companies.

The fall in the BSE index took it to new two-year lows,

with many Bombay analysts now seeing a further weakening in prospect.
"There is a crisis of confi-

dence," said an analyst with one of the biggest foreign brokerages on the Bombav exchange. "Good results are being ignored, and while prices look attractive there are no

FT/S&P Pacific Besin

buyers because no-one can see a trigger point for a rally." Analysts believe that the mar ket could sink to between 2,400 and 2,700.

Brokers and analysts say that the most recent fall, which has sliced 500 points off the Sensex in four weeks, has been sparked by tight liquidity in the financial markets after central bank intervention to shore up the currency sucked up rupees and forced bank call rates higher. These have exceeded 100 per cent at times in the last four weeks, and while they have fallen back, they have diverted domestic investors from equities. Recent rises in bank lending

rates have also hurt the outlook for industry, while the rupee's coftness has stalled what had been a recent recovery in flows from foreign institutional investors, to which the Bombay market tends to look for a lead.

There is just a broad-brush frustration and dissatisfaction with India at the moment," said one foreign investor, who added that the market, though cheap and selling at a prospec-tive p/e ratio below 10 marketwide, was consistently ignoring good corporate figures.

An example yesterday was Tata Iron and Steel Company, India's biggest private steel-maker, which slid Rs10.4 to Rs211.60 in spite of reporting a 132 per cent rise in first-half net earnings. The market's recent fall compounds the year's prevalent hearishness. exacerbated by political uncertainty before next spring's general elections and a series of

nd while brokers say that with volumes so low - in the last few weeks running at \$30m to \$40m daily, half that of a few months ago - the market could respond strongly to even modest new huying interest, few can foresee any news over the next few weeks that is likely to inspire fresh buyers. "It is a classic bear market," said one. "Good results, good fundamentals - none of them seem to matter a damp.

attention after Granada's hos-

tile bid for Forte in the UK.

The NZSE-40 Capital index fell

3.11 points to 2,140.10 in much

improved trade of NZ\$64.7m.
Brokers drew close parallels

between Forte and BIL's big-gest single investment, the UK

hotels group Mt Charlotte,

prompting a re-evaluation of

BIL's investment in the group.

BIL put on 5 cents at NZ\$1.17. JAKARTA was fuelled by

active foreign buying in large

capitalised stocks and the com-

posite index rose 10.86 or 2.4

per cent to close at 469.61, Tel-

kom, the most active issua, climbed Rp150 to Rp2,325. Bro-

kers said rises in the Telkom

price overnight in London and

New York had given a boost to

market sentiment, which

spilled over to other big capi-

Fresh buying lifts Manila by 2.3%

board pushed MANILA sharply higher for the third consecutive session, taking the composite index up 51.02 or 2.8 per cent to 2,319.35.

Fil-Estate Land was the most heavily dealt stock as it advanced 2.6 per cent on its first day of trade, closing at 20.00 pesos from its offer price of 19.50 pesos.

Heavy market turnover of 3.2bn pesos was attributed to a series of special block sales in Fil-Estate.

BANGKOK fell 1.1 per cent after investors sold finance and communication blue chips on news that a major bank had raised its prime lending rate. The SET index ended 13.12 lower at 1,212.95 in moderate turnover of Bt4.2hn.

TAIPEI was sharply weaker, but off lows, on rumours that China planned to conduct a military exercise in the Taiwan Straits near the island. The weighted index lost 54.44 or 1.2 per cent at 4,574.83 in turnover thet expanded to T\$20.2bn. High-priced electronics fell down T\$2 to T\$57.50, while textiles retreated 1.5 per cent after

their recent rebound. HONG KONG edged ahead in quiet trade, lacking inspiration in the absence of Tokyo and New York. The Hang Seng index finished 4.06 higher at 9,505.67 after being hemmed inside an 80-point range. Turnover fell to HK\$3.1bn.

China Light gained 50 cents at HK\$36.10 after a recent sell-off by investment funds. The H share index of the 17 mainland China companies continued its technical

rebound, jumping 27.98 or 3.9 per cent to 754.90: SINGAPORE succumbed to late profit-taking which left the Straits Times Industrial index down 4.66 at 2,102.56, off a day's high of 2,114.44, with much of the day's attention focused on Malaysian second and third line stocks.

KUALA LUMPUR turned back from a firm start as profit-taking accelerated in the afternoon, leaving the compos-ite index 5.97 weaker at 929.03,

having risen 41.20 points over the previous two days. The newspaper group Star Publications mada a shining debut, ending at M\$4.74,

against its offer price of M\$3.10

and off an early M\$5.35. SEOUL closed higher in relatively brisk demand for blua chips which took the composite index 11.54 ahead to 932.57. Brokers said sentiment appeared to have improved, with some investors cautiously

optimistic that ex-president

Roh Tae-woo's slush fund scandal would soon be resolved. Blue chip Samsung Electronics rose Won2,500 to Won148,000. SYDNEY edged ahead in quiet trade and the All Ordinaries index picked up 3.1 to 2,150.7, but metal shares were weak after precious metal and

bullion prices fell overnight. BTR Nylex was steady at A\$3.62 after the company said shareholders had "effectively approved" the acquisition of a 37 per cent stake by BTR. WELLINGTON ended flat on high turnover, with Brierley Investments at the centre of

KARACHI hit another low for the year on news of the killing of the brother of the Sindh province chief minister and two other people in an ambush and a bomb blast. The KSE 100-sbare index declined 8.52 to 1,411.81.

talised issues

All of these securities having been sold, this announcement appears as a matter of record only.



Pohang Iron & Steel Co., Ltd.

(Incorporated in the Republic of Korea)

US\$300,000,000

Global Offer of 11,320,752 American Depositary Shares representing 2,830,188 Shares of Common Stock

US\$26.50 per ADS

Joint Global Co-ordinators

J.P. Morgan Securities Asia Ltd. Daishin Securities Co., Ltd. Baring Brothers Limited

International Offer

Baring Brothers Limited

Barclays de Zoete Wedd Limited

Korea Merchant Banking Corporation

Sumitomo Trust International pic

J.P. Morgan Securities Limited

Coryo Securities Corporation

Dongsuh Securities Co., Ltd. Samsung Securities Co., Ltd.

Korea First Investment Limited Société Générale Tong Yang Securities Co., Ltd.

Daishin Securities Co., Ltd.

United States Offer

Salomon Brothers Inc.

Kleinwort Benson Limited

KDB Bank (UK) Limited

J.P. Morgan Securities Inc. LG Securities America, Inc.

Barclays de Zoete Wedd Incorporated Hanshin Securities Co., Ltd. The Nikko Securities Co. International, Inc. Baring Securities Inc.

Merrill Lynch & Co.

Daishin Securities Co., Ltd.

Nomura Securities International, Inc. Ssangyong Securities America Inc.

Credit Lyonnais Securities (USA) Inc. Korea Associated Securities Inc.

October, 1995

Spain, Denmark lead in turnover league But Germany was hit by the dollar effect, writes William Cochrane

Stock market activity over rose 65.5 per cent to its highest since November 1993.

Denmark put up its highest flopped in Germany on the weaker dollar's effect on economic prospects and corporate profit margins, and flattened out at a high level on investor fears in Sweden and Finland.

Share price volatility, which lifted European stock market turnover by 14 per cent in September, was more scattered, in October, domestic turnover in the 12 European markets followed by NatWest Securities was 5.9 per cent down. But Spain saw a volume gain

of 48.8 per cent on the month after a 13.4 per cent fall in September, and Denmark a leap of 40.2 per cent after September's 7.7 per cent decline. Mr James Cornish, European strategist at NatWest, notes that Spanish share prices fell 3.2 per cent in October as political prospects were darkened by the aftermath of anti-terrorist killings in France and the Basque country in the 1980s.

reflected on London's Seag International screen-based

domestic volumes si ary 1994. However, Cornish, shares fell o cent in Copenhagen point fall in the FI ope index, and its S national volume gain 17.4 per cent. Much of insurance group, whi out the minority sh

in its Tryg Baltica st For European sha overall, the I per cent fall in the dollar against the D-Mark

ts highest	N
nce Febru- , says Mr	Bourse
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percentage /S&P Eur-	Denmark Finland France
Seaq inter- o was only	Germany
f the extra	Netherlands Norway
ambitious ich bought	Spain Sweden Switzerland
areholders ubsidiary.	UK
are Drices	

last month was balanced, to some extent, hy a 15 basis-point drop in US bond yields. But German traders were on their guard. Share prices in Frankfurt fell 2.7 per cent in reaction to the weaker dollar. in contrast with September, when a similar scenario saw turnover rise 18.6 per cent from an index fall of 2.3 per cent, October saw business fall by 24.8 per cent in the domestic markets, down 16 per cent on

the average of the previous

	Monthly total	in local	currenc	ies (bn)
Bourse	July 1995	Aug 1995	Sep 1995	Oct 1995
Belgium	70.15	70.60	92.22	86.46
Denmark	22.92	27.30	25.20	35.33
Finland	14.23	14.60	17.30	17.44
France	160.37	141.91	184.21	184.37
Germany	138.80	138.98	164.81	123.96
Italy	45,841	45,191	48,024	45,561
Netherland	37.80	32.68	31.50	41.30
Norway	30.80	33.41	28.95	25.58
Spain	1,111.19	998.42	893.38	1,329.54
Sweden	92.20	123.84	137.20	136.20
Switzerland	27.08	29.56	36.68	35.57
UK	51.10	52.95	60.51	60.16

EUROPEAN EQUITIES TURNOVER

three months, while German volumes on Seaq international dropped by 21 per cent on the month - the biggest falls in either category. The implica-tion, says Mr Cornish, was that there was little conviction behind the market fall.

Dutch turnover rose 31.1 per cent, indicating renewed international participation. But the biggest falls in individual share price indices came

by 11.8 per cent and 7.0 per cent respectively as Nokia and Ericsson, two of this year's targets for the high-tech fixated US investor, responded to a warning of industry difficulties by Motorola, and as forestry stocks dropped on the turn of the commodity price cycle. Turnover in each case stayed around September'e high levels, indicating both the depth of concern and the weight of

FT/S&P ACTUARIES WORLD INDICES

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FALLERY

S.G. Warburg & Co. Inc.

There was something missing at a conference and exhibition of office furniture in London this week. The desks and cabinets were completely devoid of clutter. Most of the exhibition stands were presenting a picture of paperless Utopia.

Something else was missing, too, among the majority of exhibitors: any obvious appreciation that office work may now be moving out of its traditional environment.

Given that the title of the event was WorkPlace '95, Professor Franklin Becker of Cornell University thought that there had been a missed opportunity. Becker, a psy-chologist and workspace specialist, who was speaking at the event, said: "All the assumptions around here are that work occurs only in the office and not in other environments such as in the control of the c ments such as in supermarkets, on trains and at airports."

It would be unfair to suggest, however, that the exhibitors, were not aware of trends towards greater use of home working or working outside the traditional workplace. Colin Watson, marketing director of President, a UK-based and Danish-owned manufacturer of office furniture, quoted figures of 1.2m teleworkers in the UK at present, and

Pulling the plugs on the way we work

rising according to some estimates, to 2m by the year 2000. "That still leaves between 10m or 11m people still working in offices," he said.

The market for office furniture, therefore, is not going to disappear hut it is changing. The biggest driver for change, as is often the case, appears to be cost. Watson says that £1.5bn a year is spent in the UK alone simply moving people and equipment around in offices. and equipment around in omces.
This figure – what the manufacturers call "churn" – works ont at about £500 per employee. Among companies which have just moved to new offices, he says, the churn tends to be more like £2,000 a per more than within the first 12 months as son within the first 12 months as people and departments are shuf-fled around until management believes it has got the arrangement

Some of the more forward looking furniture manufacturers and office designers, therefore, are attempting to create furniture that will give companies the flexibility to alter their office interfors without embarking upon costly refitting

President believes that its Kyo huilding and not under floors. range of mobile office furniture is able to provide the flexibility for change without the upheaval that is usually necessary. Part of the secret is the neatness of the system it has designed to deliver cabling to desk-top terminals and telephones. Its bean-shaped desks are able to congregate around service columns sprouting from the floor like multi-socketed mushrooms.

Some companies are going even further. Morgan Lovell has developed a cordless office using Ericcson telecommunications technology and Hewlett-Packard laptop computers. Again the technology is providing potential cost savings. A false floor, including its accompanying cabling and sockets, can cost up to £80 a square foot.

Philip Ross, Morgan Lovell's marketing director, thinks that cordless technology will not do away with cabling, which will still be needed for large data transfers, lighting and power points for recharging batteries. But it will be possible in cordless offices to arrange cables so that they run down the spine of a

Such arrangements combined with flexible working patterns are enabling companies to make large savings. Ross said that his company, working with one of the City banks, had found ways of reducing a perceived need for 10,000 sq ft new office space to 7,000 sq ft. "At annual rents of £30 per square foot we are looking at a £900,000 saving

over the 10-year lease," he said. While these technologies are helping to drive changes in working arrangements, it is becoming clear that the economies they can bring are proving powerful additional

Companies in revolt

Gary Hamel, The California-based visiting professor at London Business School, has, like many management gurus, thrown himself into the scramble for corporate dominance in emerging industries and

Hamel is among those management theorists who are beginning to cast doubts on the way that much corporate re-engineering has been applied in the past few years. Many employees have viewed it as a new way of creating redundancies, he says, suggesting that some companies have become like catwalk models in fashion sbows. They have developed "corporate anorexia" in the belief that this is the way they should look. Much of the re-engineering, says Hamel, has enabled companies merely to catch up instead of putting companies at the forefront of their industries as architects of industry transforma-

British companies are supposed to be the most competitive in Europe, but they have high levels of employee anxiety and diseochant-ment. Is that the price we have to

pay?" he asks.
Speaking at Hay Management Consultants' annual conference in Paris recently, he portrayed a world of corporate laggards being over-taken by pioneering enterprises willing to challenge orthodoxies. These challengers, what he calls "rule-breakers", are populated by the likes of Cannon, Wal-Mart,

and First Direct. The question he is finding diffi-

cult to answer, however, is how many of today's more traditional companies can do the same. To do so, he argues, the leaders of these companies will need to divest themselves of much of their "intellectual capital"; they will need to tap the imagination of their younger employees who often have the abil-ity, unlike their most senior managers, to "think differently". This different thinking, he says, can also be found at the geographical periphery of an organisation where com-

pany rules tend to be less restric-tive. So where do you start a revolu-tion in a company? Will it happen in the boardroom? How many company chiefs are prepared to risk their own jobs or to incorporate young managers into defining strategic direction in order to transform tional difficulty of starting a revolu-

tion from the top down. Hamel is not too optimistic about such a prospect. "in 10 years of visiting the UK, I have never seen the Queen standing in front of Buckingham Palace saving we want a republic. I never will," be

His views may be difficult for many company directors to stomach, but they reflect a growing disenchantment among management observers at the human waste in some corporate restructuring pro-

The gurus may have to shoulder some of the blame because it is ofteo they who influence the latest

management thinking. Hamel's picture of laggards and challengers extends to today's corporate champions. He says he is willing to bet that in 10 years time Microsoft will have handed over its leadership in the software industry. Perhaps it is inevitable that industry leaders must, in time, give way

to others. One of the things that Hamel and his fellow gurus are searching for is a key to sustained success. Even if they find it, they will need to persuade managements of its use. Human nature can prove a formida-

Richard Donkin

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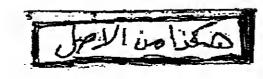
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NATWEST MARKETS Corporate & Investment Banking

巻 Schroders Emerging Markets Economist/Fund Manager

Schroder Investment Management Limited is one of the UK's most successful investment management groups with total funds under management exceeding £50 billion. Schroder Capital Management International (SCMI) is the subsidiary responsible for managing US Institutional funds and is ona of the leading fund management firms in this market, with over £9 billion undar managament.

Due to its success in emerging markets, SCMI is seeking an economist to provide economic research on the amerging markets and to run country valuation models driven by economic Inputs. The successful candidate will have an active involvement in meeting clients to review portfolios, in addition to making business presentations to prospective and existing clients. This position provides an excellent opportunity for a qualified economist to now combine theoretical economic research with a role in fund management in the emarging markets.

Prospective candidates are likely to be in their thirties and will have a good Economics degree, a least five years' relevant exparience in the financial markets and possess a sound knowledge of economic factors in the amarging markets. Strong presentation skills are essential, as is the ability to work as part of a dynamic team. Extensive travel, mainly to the USA will be an integral feature of this role.

The compensation package reflects the quality of candidate required and includes a competitive salary, plus full banking benefits. Career prospects in the Schroder

Application in writing, enclosing a full curriculum vitae, should be sent to: Helen Challis, Personnel Officer, Schroder Investment Management Limited, 120 Cheapside, London EC2V 6DS.



South African Fixed Income Trader

City

An excellent opportunity to join the Treasury Division of a Landon-based Merchant Bank Henry Anabacher & Co. Lumined is a well contribined Luminos. Requirements for this past include a two- to three-year track

groups in Southern Africa.

Division in London. This position will primarily strobe texting. Mare Hoodless in South African Food Income products and related instruments. Personnel Manuscript The successful applicant will contribute to the development and Henry Ansbecher & Co. Limited implementation of dealing stranges and in the identification of . One Mitte Square oficible products and market suches. The role will also stroke London EC3A SAN liaison with the source's Treasury Dryggen to Johnsonsburg.

based merchant bank providing services in corporate finance, record of profitable trading in South African Fued Income banking and createry as well as creding in emerging mortes debt products, a minimum of five years' experience in createry and instruments and accurates as well as an established market presence and Southern Africa Group, one of the largest commercial banking, current SFA registration. A detailed knowledge of South African eachange control regulations as amportant

An arcarctive salary and banking benefits are on otter, increased A high calibre trader is sought to join the Bank's Treasury

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Int'l Business/Corp. Counsel I have 15+ yrs exp. in major int'i project negotiations. implementation and legal representation. Emphasis on Russia, CIS, W. Europe, U.S., Israel & Caribbean. arn willing to relocate FAX: USA (908) 769-1551

UNIONS

DAMES

REPO/MONEY MARKET TRADER

Jalomon Brothers, one of the world's leading international investment businesses, wishes to recruit a Repo/Money Market Trader to join its existing team.

Responsibilities will include managing continental collateral books, developing customer relationships and providing back-up for other collateral trading activities. Educated to degree level, you must be able to show welldeveloped interpersonal and analytical skills. In

addition, you must be fluent in at least one European language other than English - ideally Italian. Relevant experience is necessary. To apply, please send a full cv and covering letter, indicating your suitability, to Sara Callister Radcliffe, Salomon Brothers International Limited, Victoria Plaza, 111 Buckingbam Palace Road, London SWIW OSB.

Salomon Brothers



RISK MANAGEMENT EXECUTIVE

EXCELLENT PACKAGE: LONDON

BP Finance, the entity responsible for the financial management of the BP Group, has a vacancy in its Risk Management Team.

The Team provides financial risk management support to the BP Group and its business activities, and combines an analytical function with a detailed knowledge of the financial markets and their products. The position offers the opportunity for the successful candidate to participate in the risk management of a diverse portfolio of exposures in both the mature and developing/emerging markets.

DUTIES

The breadth of duties will depend on the nature and scope of experience of the appointee, but he or she would be expected to work as part of a team on the following:

Analysis of a variety of financial-based opportunities e.g. debt management and foreign exchange exposure management, from both a risk and value perspective.

Investigation of emerging financial markets, and their impact on the expansion of BP's in these countries. business in those countries.

Evaluation of new trading instruments, and their pricing/risk analysis.

ANDIDALE

Two to five years' experience in the risk management function of a bank or significant multinwo us nive years experience in the risk management function or a pank or significant mul-national corporate.

Excellent degree in either a strongly numerate discipline or business finance.

Excellent degree in either a strongly numerate discipline or business finance.

Specific knowledge of the working of the financial markets would be a distinct advantage.

A proactive approach and excellent communication skills are essential.

We offer an ettractive and competitive package, including performance-related bonus and non-contributory pension plans.

Please address your application in writing, enclosing a detailed CV. to:

Steve Powell,
Human Resources Manager,
BP Finance,
The British Petroleum Company p.l.c.,
Britannic Honse, I, Finsbury Circus,
London ECZM 7BA

BP is an Equal Opportunity Employer.

GLOBAL ASSET MANAGEMENT

GAM is a leading fund management company which has enjoyed spectacular growth since its inception in 1983. The Group has offices in most major financial centres around the world and manages approximately \$7 billion in assets. GAM has an exceptional performance record and an excellent reputation for the quality of its services. The positions offered require highly motivated and manne individuals able to operate successfully in an unbureaucratic structure. Both positions are based in London. Competitive compensation packages will be offered to attract candidates of the highest calibre.

MANAGER, QUANTITATIVE SERVICES

This position heads up a small team providing statistical and quanotaove analysis services to GAM. The successful candidate will have responsibility for all quantitative analysis and performance reporting within the Group, as well as the provision of accurate performance information to external bodies. Your team will support various business areas in performance measurement, manager selection and portfolio construction; you will be expected to advance the use of analytical techniques at GAM; coordinate the selection of appropriate tools and work closely with GAM's IT department to ensure the effective delivery of relevant technology to the business. You will

be totally conversant with all aspects of industry practice in the area of performance measurement, advise oo the appropriate methods and ensure that relevant standards

The primary qualification is a minimum of five years direct experience of quantitative analysis in the investment management industry. You will probably be at least in your late 20's and will have a strong background in performance analysis as well as a degree in a relevant discipline. You will be expected to be versatile in the application of your expertise, a strong manager and an excellent team player.

MANAGER, DATA SERVICES

significant importance. This new position will carry responsibility for the administration of all corporate data at GAM. It will be incumbent upon the successful candidate to define the parameters of the role. You will be expected to introduce radical improvements to the way in which GAM manages data. You will be able to analyse and anticipate the business's needs in this area and introduce effective solutions and necessary disciplines, working closely with staff at all levels across the Group. You will also be pivotal in-

GAM recognises that data is a corporate resource of supporting the implementation of a corporate database architecture at GAM.

We are looking for a creative individual who could come from a wide variety of fields and demonstrate at least five years of database administration in a management role. You must be well versed in re-engineering database processes and be conversant with the latest technological developments in this area. You must also be commercial, a good communicator and above all dedicated to providing an exceptionally high level of service within

Please write in coofidence enclosing a curriculum vitae to: Mrs Michele Kirby, Global Asset Management (UK) Limited, 12 St James's Place, London SWIA INX.

GAM

Transfer Agent Manager

Non-US Funds

J.P. Morgan Investment Management Inc. ([PMIM] in London is the international investment arm of J.P. Morgan & Co. Incorporated. With \$157 billion under management, it is one of the premier investment management houses in the world.

JPMIM is recruiting a Manager for its European Transfer Agency business. The Transfer Agency function is a key area within JPMIM. It is an integral part of our client-service strategy worldwide. This position will be actively involved in a project to develop and manage a shareholder record-keeping capability for JPMIM's funds business in Europe, the Bahamas and Canada.

The Transfer Agent Manager will be working with all levels of management to ensure effective delivery of the project. Subsequently, the responsibilities will include ongoing enhancement of record-keeping delivery to ensure that high standards for quality and client-

The candidate must have had project and relationship management experience, be self-motivated, resourceful and able to think tactically and strategically. In addition, the candidate should possess excellent interpersonal skills and have a high level of systems knowledge and technology related to shareholder record-keeping, analysis and implementation. Candidates must have a minimum of 5 years experience in funds transfer agency.

The position will be based in London, reporting through to New York. There will be extensive travel throughout Europe and the US. Foreign language skills would be useful.

This senior position offers a generous salary and benefits package and excellent career prospects with one of the leading US Banks,

J.P.Morgan Investment Management Inc. is an equal opportunity employer.

Interested applicants should write with their CV in English, in confidence, quoting reference no.P30092 to Helen Highet at Jonathan Wren & Co. Ltd., No.1 New Street, London EC2M 4TP Tel. 0171-623 1266 Fax. 0171-626 5257

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APPOINTMENTS ADVERTISING

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Schroders

Analyst - European **Smaller Companies**

The Continental European team of Schroder Investment Management is looking for a European Equity Analyst to Join a team of 21 European investment professionals. The successful candidate will be familiar with company accounts and financial analysis and will travel regularly in Continental Europe.

You should have an MBA or post-graduate qualification in economics or businessrelated subjects. In addition to being computer literale and familiar with spreadsheets, you will be sufficiently fluent in one or two European languages, besides English, to conduct business meetings. The job will combine using intellectual and analytical skills with practical and commercially-orientated tasks and involves meeting the senior management and proprietors of smaller quoted companies to assess the business strategy and management strength of potential investments and contribute to the decision-making process. It will be important to be able to present conclusions to colleagues or clients.

You are likely to be in your late twenties or early thirties with some previous business or professional experience and will have the acumen and drive to learn quickly end take early responsibility.

The compensation package includes a competitive salary plus full banking benefits package. Career prospects within the Schroder Group are excellent.

Applications in writing, with full curriculum vitae, should be sent to: Carol Scambler, Schroder Investment Management Limited, 120 Cheapside, London EC2V 6DS.

RISK

MANAGER

The Opportunity · Effective risk management has been identified as the cornerstone of communed competitive success, and a central tenet of their business strategy.

This high profile position will be reporting daily to the Head of Risk Management working

Our client is one of the world's largest securities houses and a leading international investment bank which plays a significant role in all the key international markets. The continued growth and expansion of its business has created the need to recruit for a new

position, an outstanding Risk Manager specialising in prime brokerage/equities.

within a highly regarded team of 12. You will be responsible for the monitoring of all daily positions on the prime brokerage front

Key challenges will include understanding risks, particularly liquidity, emerging market equities, convertible bonds and warrants and reviewing margins received for different

Resourcefulness is required in researching data and putting together spreadsheets.

Prime Brokerage

£40-£60,000 + Exc. banking benefits

City

STRATEGIC SEARCH & SELECTION

The Appointee

A Risk Manager with at least 1-2 years' equities experience and ideally emerging markets

Any prime brokerage experience would be an advantage

 You will be of graduate calibre with a strong mathematical background. You will demonstrate intellectual vigour, first-class communication skills and an innovative hands-on and practical approach to problem solving

Havs Executive

To apply please write enclosing your CV and current salary details to Sara Kenderdine-Davies. Hays Executive, 36-44 Moorgate, London, ECZR 6EL. Alternatively telephone for an informal discussion on 0171 256 5849.

MONEY MARKET DEALER

IFSC, DUBLIN

Our client is a major international financial institution which has an operation in the International Financial Services

Centre in Dublin. **MERC Partners has** been retained to assist in the recruitment of

a Money Market Dealer.

The person appointed will be responsible for capital market activities

sourcing / placing of interbank deposits.

· interest rate risk management products - futures, swaps etc.

foreign exchange - spot and forward.

Candidates will be graduates with at least three years experience in money markets and risk management and will ideally have had some exposure to asset management. They will be able to demonstrate strong interpersonal and communication skills

Remuneration will be attractive. Please write - in strict confidence - enclosing a curriculum vitae and

quoting reference number 95421 to:-Brian G. Ward,

MERC Partners. Number Twelve. Richview Office Park, Clouskeagh, Dublin 14, Ireland. Fax: 353-1-283 0550

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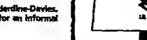
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ACCOUNTANCY APPOINTMENTS

THE DOCUMENT COMPANY **RANK XEROX**

Finance and Accounting Manager

Prague

Our client is an international manufacturing and services organisation employing some 30,000 people with customers throughout Europe, the Middle East and Africa-They are firmly focussed on a continuing strategy of market growth and diversification throughout the world. As part of this strategy, they are committed to expanding their existing operations throughout Central and Eastern Europe. They have been operating in Prague for 25 years.

They now seek a senior finance executive to play an integral part of their operations in the Carch Republic. Reporting to the local Financial Controller, responsibilities will include monthly management reporting, ensuring local legislation is adhered to through liaison with external authorities, implementing tight fiscal controls, developing and enhancing systems and assisting in the development of country plans and business

Attractive Package

operations. In addition, you will listise with the UK and crossfunctionally as well as assist in the development of the local tinance staff.

The successful candidate will be a qualified accountant with knowledge of both western and Czech accounting standards. He/she will be fluent in English, systems literate and display the motivation and drive to be able to grow with the role. Career prospects in this international company are excellent.

Interested candidates should forward a comprehensive CV, stating a day-time telephone number and current remuneration, and quoting reference number 238457, in strictest conlidence, to Hugh Everard, Director at Michael Page Eastern Europe, Page House, 19-41 Parker Street, London WC2B 5LH, England. or tax +44 (0) 171 404 6370.

Michael Page Eastern Europe International Recruimment Consultants

Senior Treasury Analyst

Central London

Our client is a leading international transport and service provider with its core business in time-sensitive freight and logistics sedutions. The Group's financial exposures are currently managed on a 24 hour basis from its Overseas Group Head Office. The Group has a European Treasury Operation based in London and there is currently a requirement to recruit a high calibre experienced Treasury Analyst to help manage the Group's worldwide foreign exchange and interest rate exposures within the European time-zone. The position reports directly to the Group Head Office Treasury Manager, whilst having a day-to-day involvement with the European Treasury cam.

The prime responsibilities of this position are to monitor financial market developments, analyse economies and recommend appropriate risk managements strategies. as well as pro-active management of foreign exchange positions within Treasury's delegated

Michael Page Finance.

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FINANCIAL TIMES FRIDAY NOVEMBER 24 1995

Six Figure Package

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Continued growth of the strategically important UK subsidiaries of one of Europe's largest groups calls for the appointment of a high calibre finance professional to ensure the finance function supports the needs of a diverse, growing business. Exceptional individual with strong commercial awareness sought to work closely with the Chief Executive in the development of the group. Influential role for a fluent franch-speaker at the heart of this dynamic company.

Selector Europe

Spencer Stuart

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financial and management accounting tax, treasury and M&A. Asset financing experience an advantage. Stature and presence to engender credibility with

THE QUALIFICATIONS

and fluency in French essential

Please roply with full details to: Selector Europe, Bal. XCS05311 EL, Li Commission Place, Lottion VI. 220

■ Graduate, UK Chartered Accountant with first-class

professional training followed by progressive track record within a major multinational or banking

environment. Previous French company experience

Broad range of functional experience including

senior management both in UK and Paris. Strong technical background in UK accounting, intellectually

rigorous with highest levels of professional and

FINANCIAL PLANNING MANAGER

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- Market leading subsidiary of North American multinational, operating within the business information sector.
- Strong international focus with an impressive record of revenue and profits growth, well placed to take advantage of business development opportunities within this dynamic sector.
- · High profile wide ranging role reporting to the Group Finance Director and working closely with the Board. Overall responsibility for ensuring a more strategic approach to the development of the business.
- Will include involvement in long range planning; market and competitor analysis; investment and acquisition appraisal; and budgeting.
- Candidates, probably in their thirties, will be qualified accountants with exposure to sound financial management practice, ideally gained within a blue chip company that operates internationally.
- To addition to a strong intellect and analytical skills, candidates must be able to display a high level of commercial acumen, drive and ambition. We are looking for individuals with the ability to progress to a subsidiary Finance Director role within a 2-3 year

Please apply in writing quoting reference 1048 with full career and salary details to: Susta Ryder

Susta Ryder

Whitehead Selection Limited

11 Hill Street, London W1X 888

Yet. 0171 290 2043



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+ Relocation Package -

Thames Valley

ROBERT

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As a global leader in the pharmaceutical Industry, this world-wide organisation continues to enjoy substantial growth and increased market share through innovative product development, together with an unrivalled excellence in research.

The company's ongoing success will largely depend on its ability to focus its research and resources towards the achievement of specific medical and commercial goals. A critical factor in attaining these goals will be the capability of the international research and development division to forge successful research alliances with third parties, whilst nurturing and optimising in-house research programmes.

Following the restructuring of the finance department, a key position has been created within the International Research and Development group. Primary elements are as follows:

- Negotiating and identifying the most appropriate financial structure of new alliances.
- Appraisal of existing alliances to ensure continued commercial viability.
- Prioritising claims on resources across all locations where research is undertaken.
- Provision of financial Information to Research Directors and line management. This is a truly international role involving a substantial degree of travel and will offer the opportunity to develop

both financial management and commercial skills. The successful candidate is likely to be a qualified Accountant or MBA with an Impressive record to date. Aged between 28-35, you must be able to demonstrate a record of achievement within a leading management

consultancy of a large practice firm, together with considerable success in a blue-chip environment. As a key player, the ability to influence and deal at all levels and functions is a prerequisite.

Please write enclosing full CV, quoting ref. AC 1209 to Alistair Cook at Robert Half, Princess Beatrice House, Victoria Street, Windsor, Berks SL4 1EH. Telephone 01753 857777, or fax your details on 01753 841676.

LONGON . BRUSSELS . PARIS & A'MSTERDAM . NEW YORK AND 170 OFFICES WORLDWIDE.

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Robson Rhodes stand apart from other occountancy practices. As a medium sted firm, we are a credible alternative to the Big Six. This means we get more thon our fair share af newswarthy cases without being bound by the hierarchy and tradition of other organisations.

Within Corporate Recovery, our work has been primarily insolvency based, but we take a proactive approach to the market and are increasingly involved in pre-lending and business reviews.

As such, we are always looking for good people to help strengthen our team. We currently have opportunities at both supervisory and management levels for those with previous insolvency experience.

You must be a qualified accountant, ideally with at least 18 manths' experience handling receiverships, liquidations and bankruptcy. You must also be studying far, or JIEB qualified. Equally important are your interpersonal skills which must be supported by excellent written and oral communication ability.

In return, we offer a challenging and varied workload plus the opportunity to experience the full range of insolvency procedures. Working with key industry figures It is likely you will enjoy a steep learning curve and excellent career potential. Salary levels are flexible according to experience.

To apply, please send your full career and salary details to, Nigel Ruddock, Pariner, Robson Rhodes, 186 City Road, London EC1V 2NU.

> ROBSON RHODES Chartered Accountants

RSM

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In order to develop and sharpen business skills, individuals will first spend 12 months at GE Capital's headquarters in Stamford, Connecticut. Working closely with senior management, they will be involved in a range of major financial projects including acquisitions, integration and re-engineering of key processes. Through a combination of exposure to top-level leadership, involvement in big-impact projects and formal management development seminars, individuals gain the expenise to return to Europe to take up a financial leadership role within a GE Capital business.

GE is seeking exceptional finance professionals with a clear record of career achievement for these roles. Given the diversity of qualifications in Europe, candidates could have a financial or business degree, MBA or professional accountancy qualification, in addition to 5-8 years' experience in a Big 6 practice, a multinational corporation or both. Experience of US clients and US GAAP will be an advantage; most important are talent, ambition, integrity, high energy levels and the drive to succeed in a growing, fast-paced business.

GE Capital offers a substantial package which includes accommodation and relocation assistance. GE's unique corporate culture provides exceptional opportunities for rapid career development for talented individuals.

Interested applicants should post or fax a full CV quoting ref: 136 to the address below. For more information call us on 44 171 242 9191 (weekdays) or 44 181 467 1408 or 44 171 231 8272 (evenings

Note: any CVs seut direct to GE will be forwarded to Alderwick Consulting Ltd.





GE Capital

Commercial Analyst

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Thames Valley

· ANDERSON ·

Our client is the UK personal care products division of a 52 billion turnover multinational FMCG Group. Their current success is built upon providing consumers with good value and innovative quality products. Future sales growth will be assured by a continual stream of exciting new launches coupled with heavy investment in the existing brand portfolio.

Entrepreneurial in style and supported by sophisticated systems, the business now needs to recruit an exceptional individual to undertake the role of Commercial Analyst. Reporting to the Finance Director. this position acts as the key interface with Sales and Marketing.

This is a demanding role where the principal objective will be to make a significant contribution to commercial policy and strategy. Additionally there is a need to support both Group and local management by providing interpretative analysis of brand and customer profitability.

The culture of the Company means strong interpersonal skills, a commercial bias and an analytical mind are pre requisites. A determined proactive approach and computer literacy are essential. Aged 25-33. candidates must be graduate calibre qualified accountants and probably already working in a medium to large consumer business.

Interested applicants should write, quoting reference oo. 25459 and enclosing a curriculum vitae together with current salary details to: Jon Sanders, Martin Ward Anderson, Goswell House, 134 Peascod Street, Windsor, Berkshire SL4 1DS. Ahernatively, telephone him on 01753 830881.

Financial futures - improve your options

FT-SE 100 plc with circa £1 billion turnover Theale (Reading)

THORN Europe is a major subsidiary of THORN EMI – a FT-SE 100 plc with a turnover close to £1 billion. In the UK we are the force behind Radio Rentals, Crazy George's and other famous brands.

Following internal reorganisation, we're looking for two talented young accountants to join our Audit Department for a short period – we expect to move you on to more senior roles within two years.

There are over 120 people in Finance at our European head office in Theale, near Reading, and the function enjoys a high profile within the organisation.

For both positions, you will need to be a qualified accountant, with experience of working in a blue chip, retail or multi-site environment.

Accountants with Audit experience Package c.£35,000

Reporting to the Head of Audit you will be responsible for planning individual financial/operational audit projects and preparing draft reports, mainly for our UK based businesses, though there are opportunities for European assignments.

In close contact with our European Executive Committee you will need to be an effective, articulate communicator, a good organiser and able to produce the goods, on time, under pressure. Computer audit experience and a working knowledge of French would be useful but are not vital.

Computer Auditor

Package c.£35,000

Our European business is expanding rapidly. And as we continue to grow and diversify we need to build IT systems that keep pace with our needs.

Commercially aware you have detailed knowledge of computer audit techniques and practices, together with experience of AS400 and DECAAN. Quite apart from your technical expertise and vision, you are commercially aware and relish the opportunity to influence the very pace of our progress.

These jobs are challenging and key appointments. They should be viewed by people with ambition as a springboard for speedy progression to finance/business roles

As you'd expect, we provide an extensive range of benefits which include fully expensed car, bonuses, pension/private health scheme and relocation assistance if To apply please send your CV and current salary details to:



FINANCIAL CONTROLLER - FD DESIGNATE - Circa £36k

Dynamic, expanding FT Human Resource Consultancy, offices UK, USA, Australia and Europe, turnover £40m require accredited Financial Controller for managed growth.

Qualified with a quality audit background, the chosen candidate wiff have the necessary IT knowledge and experience to develop plans for global growth. Expertise in managing remote and overseas funds and business an advantage. Preferred age 35-45 yrs. Post located at group headquarters. Please forward CV and covering letter to Mrs A Copeland, Eurolink Group Plc, Blenheim House, 56 Old Steine, Brighton BN1 1NH Fax: 01273 778464



The FT can help you reach additional business renders in France. Our link with the French business newspaper. Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone: Toby Finden-Crofts on +44 0171 873 3456

McKinsey & Company

Distinguish yourself.

As a fast-track, commercially-oriented ACA with and develop the comprehensive set of high aspirations, you should be interested in an opportunity to broaden your professional skills and develop a distinctive career track.

These are by no means the only advantages of moving into a career with McKinsey. As one of the most influential global strategy consultancies, our assignments focus on the prime concerns of CEOs in major International blue-chip businesses. Your challenge will be to address critical business issues and develop strategies that will have a profound effect on cliants' performance.

The consulting role will enable you to work across a whole range of industry sectors,

business skills that will not only broaden your management options but also accelerate your career - as many distinguished McKinsey alumni will readily testify.

Our approach is team-based, and you will work with a group of highly motivated individuals from a variety of professional and geographical backgrounds.

Exceptional ACAs already thrive in our demanding environment. To join us, you'll need an excellent record of achievement. Including a good honours degree (2.1 minimum), first-time passes at every stage of your professional exams white working

in a leading accounting practice or blue-chip business, and between two and five years' post-qualification experience.

If you meet our requirements - and like the idea of a continuous learning environment. a supportive, high-calibre peer group and the opportunity to work with the senior management of major organisations - we should talk.

As a first step, send your full cv (including degree and A-level grades, and stating present remuneration) to Ms Liz Cook, Recruitment Administrator, McKinsey & Company, No 1 Jermyn Street, London SW1Y 4UH. Please quote ref: CA/FT/95 on both letter

Financial Accounting Manager European Software Čentre U.S. Software Company - Neuchâtel, Switzerland

Our client is the world leader in computer-aided design and multi-media software. Due to continuing growth, a new position of Financial Accounting Manager has been opened at its European Software Centre in Neuchâtel. This is the production, localisation and development centre for Europe, employing some 200 people.

The position will report to the Finance Manager, who in turn reports to the European Finance Director.

Key Responsibilities will include:

- Manage and develop accounting team.
 Ensure timely and accurate handling of all accounting activities.
- Prepare and manage financial reporting.
 Support management in understanding financial results.
- Development of annual budget.

Ideal Candidate Requirements are:

guarantee total confidentiality:

- CPA/Chartered Accountant or equivalent. - 6+ years of relevant experience, at least 2 in a management/team

- Experience in accounting in an international/multi-currency environment, ideally some in manufacturing.
 GAAP/Public Reporting knowledge and experience.
 Strong interpersonal skills, innovative outlook.
 Excellent English language skills, French a strong asset.

The rapidly growing high-technology environment, good career development prospects and excellent rewards will be attractive to dynamic, high-energy candidates. Interested persons should send full personal and career details to the Consultants to the Company, who



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EXECUTIVE CONNECTIONS

GRAND METROPOLITAN

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Audit Manager

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£36-40,000 + F/X Car + Bonus

Grand Metropolitan is one of the world's leading consumer goods grouns with an extensive portfolio of premium international brands in the food and drink sectors, including Smirnoff vodka, Häagen-Dazs ice cream and Burger King restaurants, to name but a few.

The International Audit team based in London covers Europe, Africa and the Asia-Pacific regions and provides guidance to management on the development of effective internal controls to help them achieve business objectives whilst minimising commercial risk. This is achieved through the education of management, the communication of control guidelines and the spreading of best practices, in addition to specific integrated and preimplementation audits.

Following recent promotions into the business, a high calibre, quality conscious individual is sought to join the management team. Reporting to a Senior Munager, the position has direct staff responsibility and its remit

The execution of regional audit plans.

- · The completion of assignments including final meetings and report agreement.
 - Staff management, development and appraisal.
 - Contributing to the ongoing development of the audit function and the

To meet the challenges of this role and to achieve progression either within the audit function or in the group's businesses, you will be of graduate calibre. qualified in either accountancy. IT or manufacturing and have a minimum of four years operational review/integrated audit experience. Able to travel internationally for 20-50% of your time, you will additionally possess a thorough understanding of internal control analysis and

implementation, be able to assess risk and have well developed management

To fun her your interest in this exceptional career opportunity please send your CV to Lan Coyle, our retained consultant at Executive Connections Ltd, 43 Eagle Street, London WCIR 4AP. Tel: 0171 242 8103 (evenings/weekends 0171 254 2571). Fax: 0171 831 457t.



BORDEN RIGID PLASTICS GROUP **GROUP FINANCE DIRECTOR - EUROPE**

SOUTH WEST ENGLAND

Borden Rigid Plastics Group, Headquartered in Bridgwater, is an operating division of Borden Packaging Europe, a major producer of plastics packaging for the food industry.

The Rigid Plastics Group consists of four operating units, in the UK and Holland, employing: over 600 people, specialising in Rigid Plastics Packaging for a variety of foods, including margarine, ice cream, confectionery, bakery products, ready meals and fresh products.

The position which reports to the Business Group Director and functionally to the European Packaging Group Finance Director will be a key member of the management team. Areas of responsibility include the co-ordination of management reporting together with general financial planning and analyses with particular emphasis on tight financial controls and continued development of management information reporting systems. The company seeks a commercially aware graduate chartered management accountant or

equivalent, experienced in a multinational manufacturing environment. Any prior international experience will be taken into consideration. An attractive remuneration package will be offered including an executive car, private health

care, and re-location assistance. Applications should be sent with full career history to:

Personnel Manager

Borden Rigid Plastics Group Colley Lane Industrial Estate Somerset TA6 5LA

EUROPEAN AUDIT MANAGER

career development opportunity

Düsseldorf

RMC Group p.l.c. is a major international company with core interests in the supply of building materials and a worldwide turnover in excess of £4bn. The Group has substantial interests throughout Continental Europe and is expanding within Eastern Europe.

This is a new position reporting to the European Financial Controller (also based in Düsseldorf) and represents a challenging opportunity to develop and implement audit strategy and standards throughout the European operations. Significant travel will be required and you will work closely with senior country management.

This is not a career audit role; you will be an exceptional candidate in your early to mid thirties, qualifed (ACA or CPA), with a mix of technical strength and commercial awareness preferably gained within an industrial organisation. Fluent German is essential and a good working knowledge of Spanish or French would be very useful. Above all you must have the interpersonal and communication skills to handle the cultural diversity and to merit further career development. A very attractive salary and benefits package will



EBC HOUSE, KEW ROAD, RICHMOND, SURREY TW9 ZNA TELEPHONE: 0161-940 4900 FACSIMILE: 0181-940 6524

GROUP FINANCE DIRECTOR

Service Sector plc - Package to £90k - London

The Group

We are a recently floated acquisitive Group, a market leader in our particular sector with a turnover of around £80 million. We have expanded rapidly in recent years and have extensive interests in the UK and Overseas.

The Role

The ability to provide strategic financial planning for the company's continuing growth is critical. You will be required to liaise with our institutional shareholders and the City and you will be a key member of the management team. However, your specialist skills will be required to ensure that the Group has the IT and other financial systems in place to continue its expansion from a sound base. You will be supported in this by our young qualified accounting teams who will look to you for direction. You will be closely involved with further planned acquisitions.

You are a Chartered Accountant, whose training was with a major firm. You are likely now to be aged 35-45. Your recent experience may be as Finance Director of a smaller company or Deputy Finance Director of a larger company. Alternatively, you may be working on the finance and administrative side of a large investment bank.

You will have had practical experience of installing or upgrading systems for management and financial accounting, probably in a complex service sector business.

All applications will be treated in the strictest confidence.

CV's to:-

Clare Holder Gavin Anderson & Company 15-17 Eldon Street London

EC2M 7LA

FINANCIAL CONTROLLER

Banbury

Based

SMITH

Automotive Our client is a rapidly expanding and Components profitable subsidiary of a major European Manufacturing components and accessories group. With a turnover of £24 million and employing some 185 staff, the manufacturing division is now in a position where the requirement for a c£40,000 plus dedicated head of finance has become full benefits increasingly important to the future package commercial success of the business.

The role is varied, and will require the appointee to have very strong and current costing experience gained within a manufacturing environment. Key areas will include company performance measurement, variance analysis, product costing and cost forecasting. Projects such as costing for the

planned expansion programme will also need to be undertaken. In addition, there is, a full financial and management accounting function reporting to the Managing Director of the manufacturing division.

It is important that applicants can work effectively in a fast moving and highly competitive environment. The role requires a qualified accountant (preferably CIMA) whose experience will encompass all relevant areas. It is unlikely that anybody aged under 35 will have gained sufficient experience to fulfil a role of this calibre.

Please reply in the first instance with full cv to: Tom Petty, Kingston Smith Executive Selection, 2 Dryden Street, London WC2E 9NA.

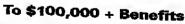
V P Corporate Finance



With the need to bring added impetus and financial guidance to their developing US subsidiary operations this buoyant UK engineering group recognises the strategic importance of this key appointment. Based in Columbus and reporting directly to the UK Group Finance Director the position will carry finance responsibility for their US Division which incorporates both manufacturing and Sales/Distribution businesses.

Columbus, Ohio

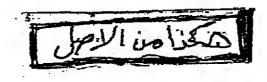
Whilst the position embraces the normal functional responsibilities of monitoring, reporting and consolidating subsidiary results, including the management of treasury matters, a key aspect of the role will be that of supporting business development initiatives. A particular emplasis here



on further acquisition opportunities,

Applicants will be Qualified Senior Accountants with relevant divisional level experience within a well structured group environment. A full understanding of both UK plc and US reporting requirements will be a pre-requisite as will US residential status. Interviews will be conducted either in the UK or locally in the Ohio area.

Please reply in writing with full details of age, experience, qualifications and earnings, quoting reference number 95/1105/FT to Paul J Blake at Crescent Management Selection, 9 Upper King Street, LeIcester LEI 6XF. Fax Number +44 (0) 115 247 0397.



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R.J. REYNOLDS TOBACCO INTERNATIONAL S.A.





The New Frontier

Former Soviet Union

Our client, RJ Reynolds Tobacco International S.A., in 1992 was the first major investor in private rigarette enterprise in the Former Soviet Union. Since then the company has established itself as the recognised market leader with 6 production sites employing in excess of 5,000 staff. The company is committed to further growth in order to enhance its position and status in the industry world-wide.

As a result of recent acquisitions, the company is seeking to recruit six Financial Directors for its operations throughout the region. Reporting to and assisting the local General Manager, responsibilities will include:

- · design, implementation and administration of pobased information systems;
- installation and development of robust financial controls and reporting procedures; training and development of

package to attract the very best. Interested applicants should forward a comprehensive CV, including current salary package and daytime telephone number to Hugh Everard, Director at Michael Page Eastern

· control of working capital - in particular, eash flow, standard costings and inventory issues. Candidates must be qualified accountants with a successful track-record gained in an FMCG/

manufacturing environment who can demonstrate a approach to the husiness and the intellectual ability to contribute to strategic decisions. Equally important are the personal qualities which must include confidence, maturity, flexibility, drive, energy and commitment together with the ability to identify and manage change. Fluency in English is a pre-requisite whilst a working knowledge of Russian or Ukrainian would be useful hut is not essential.

These are exceptional opportunities offering a high level of responsibility, excellent career prospects ingether with a generous and attractive remuneration

Europe, Page House, 39-41 Parker Street, London WC2B 5LH.

PACKAGES to ATTRACT the VERY BEST

Michael Page Eastern Europe International Recruitment Consultants

Finance Director

London

TV/Leisure

c £40,000 + Bens

Our client is a small but diverse group with interests in TV Production and Distribution, and Hotels. The company has a turnover of £5m and has offices in London and Bristol.

On the TV side, their client base includes many of the main broadcasting companies worldwide and is considered a leader in its specialist fields.

They seek to recruit a Finance Director to play an integral role in the senior management team. Responsibilities will include:

- Direct and extensive commercial involvement in managing both TV and leisure divisions.
- Complex contract negotiations. Appraisal of new business opportunities.
- Budget preparation and forecasts.

· Management of a small accounts team. Presentation of financial information to The successful candidate will be aged 28-36 years, a qualified accountant with a strong academic background. The individual will need to show the capability of adding value to this complex and diverse business, together with proven financial skills and commercial acumen.

The ability to work with and manage a range of personalities in the various industries is essential. Previous experience of the industry sectors would be advantageous but is not essential. This is an exciting opportunity to join a growing group in a senior role where you will have a major influence on the future development of the business.

Interested applicants should forward a comprehensive CV, quoting reference 260969, to Peter

Gerrard at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance Specialists in Financial Recruitment London Bristol Windsor St Albans Leatherhead Big

global operation has already achieved significant success with a range of immutative technologies including Zydis fast dissolving tablet which has enjoyed a 50% growth in revenues this year. The rapid page of development has necessitated a thorough review of our husiness strategy and as a result we are currently seeking a talented Financial Controller to join us and make a real contribution in steering the company to becuming one of the world's top three drug delivery businesses.

The international RP Scherer Corporation has been established in the UK for tolly ears and in 1991 we taunched Scherer DDS; a new division which identifies, develops and commercialises mwel drug delivery systems. This

Emancial Controller with the ability to make a difference

Swindon based

up to £40k plus car

The successful applicant will manage a small and highly competent team and take responsibility for reviewing, installing and maintaining information and control systems, and for the provision of the entire spectrum of reports and management information. The brief also extends to involvement in complex negotiations and the objective review of both existing and future commercial apportunities. Cost management, atonitoring and forecasting during a period of rapid expansion will form the crucial elements of the role.

Candidates must be qualified accountants with a good track record and several years' experience in a broadbased strategic role at a senior level. Consummate communicative skills, confidence and experience of modern computerised financial systems are pre-requisites, as is the ability to manage, motivate and influence at all

As well as the challenge of an opportunity to make a major contribution to a dynamic and expanding business.

SCHERER T

Pianeering Drug

Delivery Systems

we offer a package that reflects the importance placed on this role; strong career prospects, a competitive salary, a quality car, bonus and profit-related pay, 25 days' holiday, pension scheme, life assurance, medical and health plans, and relocation assistance if appropriate.

To apply please write with your CV to Mr Llouel Tebbntt, Finance Director, Scherer DDS, Frankland Road, Blagrove. Swindon, Wilts SN5 8RU to be received no later than Friday, 8th December 1995.

Executive Coopers &Lybrand Resourcing

CITY

Head of Finance Financial services background not essential CGGS, 000 + BONUS + BENEFITS

For a recently established entrepreneurial financial services organisation which is building a successful international business in asset management and investment banking. The London business is firmly established, a number of operations In key overseas locations are already in place, others are

Reporting to the dynamic managing pariners, who have well established and highly successful records in business and financial services management, you will be responsible for managing the finance function and building a strong and effective finance tearn. This is a hands-on but high profile role. You will work closely with the Heads of IT and Operations to ensure that appropriate accountancy, settlement and management information systems are in place to support expected growth.

autonomous operating division of a market leading

international plc specialising in task management

The Financial Controller will be responsible for the

financial integrity of a variety of high profile contracts.

Emphasis will be placed on the ability to:-

A qualified accountant, probably chartered and aged around 30, with a too quality degree, you must be a highly ambilious, strongly commercial, self starter with a proven record of managing small finance teams in a blue-chip environment. You must have very strong MIS knowledge and international experience is essential.

This is a unique opportunity to join o growing organisation led by outstanding management who will pay a premium for a genuine high fiyer.

Please send full personal and career details, including current remuneration level and daytime telephone number in confidence to E Torrance Smith, Coopers & Lybrand Executive Resourcing Limited, 1 Embankment Place, London WC2N 6NN, quoting reference TS1145 on both envelope and letter.

FINANCE OFFICER (Systems Specialist)

The leading UN agency in the field of population and development is seeking qualified applicants for the position of Finance Officer, based in New York City. The incumbent will be primarily responsible for (a) matters relating to formulation of financial policies and procedures including the drafting of briefing papers, presentations and speeches; the coordination of financial issues among the arganizational units within UNFPA as well as with its legislative bodies, and (b) recommending and directing the development, implementation and support of computerized financial systems; inter alia, conducting anothers so business reautrements and preparation adetained. conducting analyses of business requirements and preparing detailed systems specifications.

Qualifications and Experience Required:

Postgraduate degree in finance or business administration or o Postgraduate degree in finance or business administration or o professional accountancy qualification, with some accodemic train-ing in financial information systems. At least 8 years of professional experience, including at the international level, in positions of increasing management responsibility. Proficiency with modern computerzed financial systems and strong analytical stalls. Excellent communication and presentation stalls in English. Knowledge of Spanish or French highly desirable, initiative, problem-solving ability and sound judgment. Ability to work in a multi-cultural environment.

and sound judgment. Ability to work in 6 thullectrifude environment, annual net remuneration ranging from USS48,600 to USS48,000, plus additional benefits, when applicable, such as rental subsidy, dependency allowance, education grant for children, six weeks annual vacation, home leave every two years, etc. Piease send your detailed curriculum vitice to: UNFPA, Personnel Branch, 220 East 42nd Street, New York, NY 10017, USA Reference: Finance Officer vacancy no. VA/2146/94, Applications must be received by 18 December 1995. Women are particularly encouraged to apply. Acknowledgment will park be sent to applications who meet the specific requirements. only be sent to applicants who meet the specific requi of the position.

United Nations Population Fund

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Group Management Accountant Brighton

Sphere Drake Holdings Limited is a Bermuda registered public company listed on the New York Stock Exchange. We underwrite speciality lines of international property and casualty insurance and reinsurance with an emphasis on US-based risks through our operating subsidiaries in London and Bermuda. Sphere Drake employs over 400 people in the UK and Bermuda and in 1994 wrote net premiums of over USSSSU million.

As Group Management Accountant, you will play a critical role in ensuring our continued success. Located in Brighton and liaising closely with finance, underwriting and actuarial staff in Brighton, London and Bermuda, you will contribute significantly to the Group's internal management reporting by co-ordinating plans, rolling forecasts and variance analyses.

We are looking to recruit a Chartered Accountant with 3-5 years' post-qualification experience, ideally gained from a property or casualty insurance background. Self-motivated and a good team player, you will also need to be proficient in Excel and, ideally, have previous budgeting experience.

The rewards will be all you would expect from a dynamic and successful organisation, with a competitive salary supported by benefits that include a company car, 25 days' holiday, life assurance, medical expenses, free permanent health scheme, non-contributory pension and luncheon vouchers.

If you are interested, please send a CV and covering letter (including current salary details) to:

Miss Judith Evans Sphere Drake Underwriting Management Ltd Park Gate 161-163 Preston Road Brighton BN1 6AU

FINANCIAL CONTROLLER

WEST LONDON Our client is a highly profitable £50m turnover,

 Provide advice and guidance regarding the financial and commercial implications arising during the course of Evaluate risk and advice during commercial negotiations

contracting. As a customer focused service business, they have established an excellent position as a provider of a to safeguard the company's financial position. wide and diverse range of services in a niche sector. As Manage change under pressure as a member of a new a result of rapid growth a new position has been created contract start-up team. for an experienced, committed professional to join

The successful candidate will be a qualified accountant who is commercially aware and possesses the confidence to work comfortably alongside non-finance staff. Enthusiasm and high levels of energy, with an approach to always question, are essential personal

ROBERT WALTERS ASSOCIATES

attributes. Above all, the individual must demonstrate a "hands-on" style, but with the ability to progress to the level of Finance Director in due course.

The company welcomes applications from all sections of the community irrespective of race, colour, gender, sexuality and disability. Disabled applicants who meet the minimum requirements will be granted an interview.

If you believe you possess the necessary commercial flair and communication skills, please forward a current CV to Simon Moser or Claire White at Robert Walters Associates, 42 Thames Street, Windsor, Berkshire, SL4 1PR. Fax: 01753 678908. Internet: wnc@rwa.co.uk

TO £40,000 + CAR

11018

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